

INTERNAL AUDIT REPORT
CHURCH LAWTON PARISH COUNCIL
2023/24

The internal audit of Church Lawton Parish Council was carried out by undertaking the following tests in the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Review of year-end financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.
- Trust funds (including charitable) – The council met its responsibilities as a trustee.

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

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	ISSUE	RECOMMENDATION	FOLLOW UP
2023/24 internal audit			
1	Pay rises are notified to the payroll agent via an email from officers.	<i>The Chair should be copied into the email notifying the annual officer pay rise information to the payroll agent.</i>	
2	The last charity annual return for year ended 31/03/23 was submitted 77 days late to the Charity Commission.	<i>The council as sole trustee must ensure all returns to the Charity Commission are filed within deadlines.</i>	
2022/23 internal audit			
1	<p>Publication Requirements: The Notice of Conclusion of Audit and Audit Certificate were not published by the deadline of September 30th 2022. as the external audit had not been completed by September 30th 2022.</p> <p>Therefore, we have had to conclude in the AGAR internal audit certificate that the council did not comply with the publication requirements for the 2021/22 AGAR audit</p>	<i>No recommendation as the external audit had not been completed by September 30th 2022 so it was not possible to publish the notice of conclusion within the deadline.</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
	as required by the Accounts and Audit Regulations 2015.		
2	We note the council has assumed the role of sole trustee to a charity during the financial year, and has acted promptly to ensure comprehensive accounts have been produced by an external provider and an independent examination carried out, with the accounts due to be submitted to the Charity Commission shortly.	<p><i>The council should note that in order to complete our AGAR internal audit certificate in future in respect of the council as a sole trustee, the following information should be made available to us in the internal audit submission:</i></p> <ul style="list-style-type: none"> - <i>Balanced charity accounts have been prepared with trustee report.</i> - <i>An independent examination is carried out and a copy of the independent examination report should be provided to us</i> - <i>Annual returns/accounts have been filed with Charity Commission within deadlines</i> - <i>Trustee meetings have been held in the year including to approve to approve the annual accounts and trustee report</i> - <i>Confirmation that all charity transactions are excluded for the town council accounts.</i> 	Implemented except for issue 2.) in 2023/24 report above.

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	ISSUE	RECOMMENDATION	FOLLOW UP
2021/22 internal audit			
No issues arising - all internal control objectives have been met and prior year recommendations implemented.			
2020/21 internal audit			
1	The VAT reclaim document does not contain the VAT number for all listed suppliers. This is a prerequisite to being able to reclaim the VAT from HMRC.	<i>The VAT reclaim should be populated with the VAT numbers of all listed suppliers prior to submission to HNRC.</i>	Issue resolved – the final VAT reclaim contained the supplier VAT numbers manually recorded.
2019/20 internal audit			
1	The council should uses model Financial Regulations (FRs) which refer in section 10.) to a Purchase Order (PO) system. However, no PO system is currently in place.	<i>If the Purchase Order section of the model FRs is an accepted requirement by council, then the council should establish a sequential Purchase Order system.</i>	Noted – the clerk has confirmed purchase orders are used where deemed appropriate
2	The asset register does not contain a column for date of purchase (month and year), therefore, it is difficult to identify in which financial year additions and disposals occurred.	<i>The asset register format should be improved as noted.</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
2018/19 internal audit			
1	The current fixed asset register contains two columns, one for original cost and the other for valuation. The total of the valuation column is included in the AGAR annual return	<p><i>The Practitioners' Guide recommends that assets should be valued at purchase cost or an insurance proxy if that isn't known (that doesn't change over time), therefore, the only movement in fixed assets each year should be for additions and disposals and all additions should be at purchase price.</i></p> <p><i>The council should ensure that where possible the original purchase cost is disclosed in the AGAR annual return.</i></p>	Implemented
2	The memorial hall donation of £2000 is not supported by a signed confirmation of receipt.	<i>Signed confirmations of receipt should be secured for all significant donations.</i>	Implemented
3	No VAT reclaims were received during the financial year.	<i>VAT should be reclaimed on a timely basis</i>	Implemented