Grappenhall and Thelwall Parish Council Internal Audit Report 2021/2022

The internal audit of Grappenhall and Thelwall Parish Council is carried out by undertaking the following tests as specified 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)
- Year end testing on the accuracy and completeness of the financial statements

The interim internal audit provides evidence to support the annual internal audit conclusion in the AGAR Annual Return for local councils.

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

	ISSUE	RECOMMENDATION	FOLLOW UP
2021/22 year end internal audit			
1	Investments The income included in the accounts for investments of £65688 is net of purchases of investments. Therefore, investment income and expenditure on purchases of investments are both understated by £28145.	*The council should ensure investment purchases are included in expenditure and walled garden investment income is grossed up to reflect the actual gross income received from interest and dividends BEFORE purchase of investments.* *The adjustments required have been provided to the clerk.*	
2021/22 interim internal audit			
1	The Financial Regulations contain no minimum threshold in the procurement section for securing quotations for market testing exercises. The Financial Regulations do not include a minimum threshold for capitalisation for fixed assets with the result that very minor capital	*The council should align the latest NALC model Financial Regulations to the councils cope and activity ad include a threshold for capitalisation the asset register in the fixed assets section*	

	ISSUE	RECOMMENDATION	FOLLOW UP
	expenditure is all being included in the fixed asset register		
2	As at the date of the interim internal audit visit no petty cash expenditure had been report to council for approval.	*Petty cash expenditure should be regularly report to council for approval.*	
3	The council has not undertaken a detailed review of the monthly payroll by agreeing a sample of payments to underlying information such as timesheets, expense claims, payslips, and overtime forms. Therefore, as at the date of the interim audit there had been no detailed member review of the payroll for the financial year.	*Nominated councillors should each quarter select a payroll month and agree the staff payments to the underlying employee information. This review should be evidenced by a dated signature.*	
4	In a significant number of cases, the Walled Garden outreach income was not supported by sequential invoices. The income is usually paid by both cheque and cash.	*Internal controls over walled garden outreach income need to be improved to ensure every session is logged in a bookings list and invoiced using a sequential invoice number and this unique reference number should be recorded with the transaction in the cash book.*	