INTERNAL AUDIT REPORT
NEWHALL PARISH COUNCIL
2023/24

The internal audit of Newhall 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.

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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ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
2023/24 internal audit			
1	Fixed assets are disclosed as £nil in the AGAR accounts for both the 2022/23 comparative and 2023/24, however, the council asset register comprises a £589 noticeboard which was disclosed in the AGAR in 2022/23 accounts.	*The 2023/24 AGAR accounts should be amended to include the £589 noticeboard fixed asset for 2023/24 and the 2022/23 comparative.*	
2	The VAT column in the cashbook has been cast incorrectly to £236.10. The total VAT for the year totals £241.06. The correct amount of VAT has been included in the VAT reclaim form	*The cashbook VAT total for 2023/24 should be amended to the correct figure of £241.06*	
2022/23 internal audit			
No issues arising – a robust set of books and records has been maintained throughout the financial year and all internal control objectives were met.			

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2021/22 internal audit			
1	The year end bank reconciliation was carried out at 04/04/2022 instead of the required 31/03/2022, therefore, cheques shown as presented were actually unpresented as at March 31st. This does not affect the balance carried forward.	*The bank reconciliation must always be carried out using the March 31st balances.*	**Implemented**
2	Fixed assets are disclosed as £nil in the AGAR accounts, however, the council purchased a noticeboard during the year.	*A complete, accurate and up to date fixed asset register should be maintained.*	**Implemented**
3	The clerk's contract of employment is signed but working hours and salary scale are not completed.	*The contract of employment should be completed for all relevant sections.*	**Implemented**
2020/21 internal audit			
1	The council Financial Regulations require the following with respect to medium term financial planning : *3.1. Each committee shall review its three year forecast of revenue and capital receipts and payments.*	*The council should either establish a rolling three year financial plan for revenue and capital as required by the current Financial Regulations (FRs) or update FRs to reflect the current annual budget procedure.*	**Implemented**

	3.3. The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipts and payments However, there is currently no three year rolling revenue and capital financial plan in place.		
2019/20 internal audit			
1	The updated model Financial Regulations refer in section 10.) to a Purchase Order (PO) system (which would also clearly evidence the authority to spend). However, no PO system is currently in place. Section 4.) of the Financial Regulations (FRs) for Authority to Spend require a Chair and the Clerk to certify expenditure up to £500 and a duly delegated committee of the council for items over £500 and the council for items over £5000. However, it is not clear from our internal audit sample testing that the Authority to Spend requirements of the model Financial Regulations are applied to all expenditure.	*If the Purchase Order section of the FRs is an accepted requirement by council, then the council should establish a sequential Purchase Order system as required by the updated model Financial Regulations and ensure Purchase Orders for expenditure up to £500 are signed by a Chair and clerk, and POs for expenditure in excess of £500 include the minute reference on the PO evidencing the committee/council authority to spend.* *The council should review the updated NALC model FRs and determine which sections are appropriate to the scope and activity of the council.*	**Implemented**

2	The 2018/19 internal audit report or AGAR internal audit certificate were not published on the website as required by the Transparency Code.	*All the information required by the Transparency Code should be published on the website for each financial year.*	**Implemented**
3	There was no signed confirmation of receipt for the donation to the British Legion	*A signed confirmation of receipt should be secured for each donation*	**Noted**