Internal Audit Report 2019/2020
Appleton Parish Council

The internal audit of Appleton Parish Council is carried out by undertaking the following tests as specified in the 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 provide evidence to support the annual internal audit conclusion on 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
1	The accounting spreadsheet contains a section for analysis of reserves. This indicates that £169k of reserves of earmarked leaving a contingency general reserve of £10k which is approximately 6.7% of the precept. Sector guidance is that general reserves should be between 25% and 100% of the precept.	*The council should review the level of reserves as the currently stated level of general reserves is substantially below the minimum levels recommended in sector guidance.*	
2	The risk assessment does not cover financial and corporate risks.	*The risk assessment should be expanded to cover financial and corporate risks*	
3	In March 2020 the £500 limit per the Financial Regulations for the debit card was exceeded.	*Expenditure on the debit card should remain within the limits authorised by the Financial Regulations*	