INTERNAL AUDIT REPORT 2022/23
APPLETON PARISH COUNCIL

The internal audit of Appleton 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 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

INTERNAL AUDIT REPORT 2022/23
APPLETON PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
1	2022/23 was the second financial year in succession the council has exceeded the £200,000 threshold for submitting income and expenditure accounts.	*If the £200,000 accounts threshold is exceeded in 2023/24 the council will have to submit income and expenditure accounts and restate the 2022/23 comparatives in the 2023/24 AGAR on the same income and expenditure basis.*	**Note from Clerk – the £200,000 threshold will be exceeded in 2023/2024 account by income. Need look at accountancy software to do income and expenditure accounts. Need to restate 2022/2023 on income and expenditure basis.**
2	As the substantial earmarked schemes have not yet been delivered, which would reduce reserve levels, the council should re-appraise the level of fidelity cover as it does not currently cover maximum projected cash and bank balances. The fidelity cover is currently £250,000, however, fidelity insurance should aim to cover the maximum projected cash and bank balances which is estimated as the year end cash and bank balances of £283,534 plus the next precept instalment of £173,799, which is an estimated maximum projected balances of £457,333.	*As part of risk assessment procedures, the council should annually estimate maximum projected cash and bank balances, taking account of earmarked schemes being delivered, and set the level of fidelity insurance accordingly.*	**Note from Clerk - fidelity cover has been increased to £500,000.**
3	A negative earmarked reserve is recorded in the list of reserves as follows: Queens Jubilee Lottery Grant - £35.17	*The council cannot hold negative earmarked reserves and this amount should be set off against general reserves in the accounts to provide a net general reserve figure.*	**Note from Clerk - Queens Jubilee earmarked reserve now removed from reserve one off reserve for National Lottery funds and event now over.**

INTERNAL AUDIT REPORT 2022/23
APPLETON PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
2022/23 interim internal audit			
1	The payment on 07/04/2022 to Amazon for £68.59, for the purchase of a time capsule, is recorded gross in the cashbook with nil VAT. However, the invoice records VAT of £11.44, therefore, the net payment is £57.15	*The council should ensure transactions that include a VAT element are recorded net of VAT in the cashbook and that VAT is separately recorded and reclaimed.*	**Note from clerk - Cashbook amended. VAT was claimed on the next quarterly VAT return.**