

**INTERNAL AUDIT REPORT
WILLINGTON PARISH COUNCIL
2020/21**

The internal audit of Willington 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)
- Year end testing on the accuracy and completeness of the financial statements

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
1	The risk assessment does not address the risks of supplier (procurement) fraud.	<i>The risk assessment should be updated to include supplier (procurement) fraud including the adequacy of supplier onboarding controls.</i>	<i>The Council noted your finding and recommendation at its meeting on 5th May 2021. However, given the small number of low risk, low value suppliers we currently use, and the low likelihood of the Council contracting with a significant new supplier in the foreseeable future, the Council felt that a specific risk of procurement fraud does not need to be logged at this stage. Should the situation change, a risk will be raised as part of the procurement process and managed accordingly.</i>
2019/20 internal audit			
1	The AGAR annual return accounts are incorrect as noted below: <ul style="list-style-type: none"> - Box 7 for the 2018/19 comparatives should state £5880 - Box 7 for 2019/20 should state £5042 In addition, the draft AGAR is the version for councils that are not applying	<i>The AGAR annual return accounts should be amended as noted</i> <i>Council should ensure they use the correct AGAR annual return form for 2019/20</i>	Implemented