

**INTERNAL AUDIT REPORT**  
**WILLINGTON PARISH COUNCIL**  
**2023/24**

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)
- 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**

|                               | <b>ISSUE</b>  | <b>RECOMMENDATION</b>   | <b>FOLLOW UP</b>  |
|-------------------------------|---|---|---|
| <b>2023/24 internal audit</b> |   |   |   |
| 1                             | The 2022/23 AGAR published on the council website differed to the AGAR provided for the 2022/23 internal audit in that the balance brought forward had been amended to £8202 instead of £8208. The result is that the published 2022/23 AGAR does not cast correctly. This has been corrected in the 2022/23 comparatives in the 2023/24 AGAR accounts. | <i>The council should ensure each financial year that the final published AGAR information on the website is consistent with the accounts and casts correctly.</i>  | <b>Noted.<br/>Approved at meeting of Willington PC on 21<sup>st</sup> May 2024.</b> |
| <b>2022/23 internal audit</b> |   |   |   |
| 1                             | The council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision for the exercise of public rights for the 2021/22 accounts. The public notice announcement date was the same   | <i>The council must comply with the requirements of the Accounts and Audit Regulations 2015 with respect to the notice for the exercise of public rights. The public notice announcement date must be at least one day earlier than the</i> | <b>Implemented</b>  |

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|                    | <b>ISSUE</b>   | <b>RECOMMENDATION</b>   | <b>FOLLOW UP</b>                               |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
|--------------------|--|---|--|--|--------------------|----|-----------------|----|-----------------|-----------|--------------------|----|-----------------|--|--------------------|----|---|
|                    | date as the commencement date of the public notice period.   | <i>commencement date of the public notice period.</i>   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| 2                  | The 2022/23 AGAR contains the incorrect comparative from 2021/22 for Box 6. The current figure of £2318 needs to be amended to £5001.  | <i>The 2022/23 AGAR should be corrected as noted.</i>   | <b>NB Final AGAR version amended by clerk.</b> |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| 3                  | The income cashbook information included in the 2022/23 full year spreadsheet totals £17129.81 for non-precept income and excluding reserve transfers, however, £17138 is disclosed as 'Other Income' in the 2022/23 AGAR. | <p><i>The council need to review the accounts and ensure that total income per the cashbook is consistent with the bank reconciliation and the AGAR accounts. The best way to demonstrate this from year to year is to include total income and payments in a cumulative bank reconciliation for the year in the following format:</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2"><u>Cash Book</u></td> </tr> <tr> <td><i>Balance b/f</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td><i>Receipts</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td><i>Payments</i></td> <td style="text-align: right;"><u>£x</u></td> </tr> <tr> <td><i>Balance c/f</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td colspan="2"><br/><u>Bank</u></td> </tr> <tr> <td><i>Current acc</i></td> <td style="text-align: right;">£x</td> </tr> </table> | <u>Cash Book</u>                               |  | <i>Balance b/f</i> | £x | <i>Receipts</i> | £x | <i>Payments</i> | <u>£x</u> | <i>Balance c/f</i> | £x | <br><u>Bank</u> |  | <i>Current acc</i> | £x | <b>NB Final version of ledger/cashbook amended by clerk</b> |
| <u>Cash Book</u>   |  |   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| <i>Balance b/f</i> | £x   |   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| <i>Receipts</i>    | £x   |   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| <i>Payments</i>    | <u>£x</u>  |   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| <i>Balance c/f</i> | £x   |   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| <br><u>Bank</u>    |  |   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |
| <i>Current acc</i> | £x   |   |  |  |                    |    |                 |    |                 |           |                    |    |                 |  |                    |    |   |

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|                                   | <b>ISSUE</b>  | <b>RECOMMENDATION</b>  | <b>FOLLOW UP</b>   |    |                         |    |                                   |    |                           |    |  |
|-----------------------------------|---|--|--|----|-------------------------|----|-----------------------------------|----|---------------------------|----|--|
|                                   |   | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><i>Deposit Acc</i></td> <td style="text-align: right; width: 20%;">£x</td> </tr> <tr> <td><i>Less u/p cheques</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td><i>Add unpresented lodgements</i></td> <td style="text-align: right; border-top: 1px solid black;">£x</td> </tr> <tr> <td><i>Balance as at 31/3</i></td> <td style="text-align: right;">£x</td> </tr> </table> | <i>Deposit Acc</i>   | £x | <i>Less u/p cheques</i> | £x | <i>Add unpresented lodgements</i> | £x | <i>Balance as at 31/3</i> | £x |  |
| <i>Deposit Acc</i>                | £x  |  |  |    |                         |    |                                   |    |                           |    |  |
| <i>Less u/p cheques</i>           | £x  |  |  |    |                         |    |                                   |    |                           |    |  |
| <i>Add unpresented lodgements</i> | £x  |  |  |    |                         |    |                                   |    |                           |    |  |
| <i>Balance as at 31/3</i>         | £x  |  |  |    |                         |    |                                   |    |                           |    |  |
| <b>2021/22 internal audit</b>     |   |  |  |    |                         |    |                                   |    |                           |    |  |
| 1                                 | The year end bank reconciliation was carried out at 05/04/2022 instead of the required 31/03/2022, therefore, cheques shown as presented were actually unpresented as at march 31 <sup>st</sup> . This does not affect the balance carried forward. | <i>The bank reconciliation must always be carried out using the March 31<sup>st</sup> balances.</i>  | <b>Implemented</b>   |    |                         |    |                                   |    |                           |    |  |
| <b>2020/21 internal audit</b>     |   |  |  |    |                         |    |                                   |    |                           |    |  |
| 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>   | <b>Noted by council but commented due to size of council this is lower risk.</b> |    |                         |    |                                   |    |                           |    |  |
|                                   |   |  |  |    |                         |    |                                   |    |                           |    |  |

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WILLINGTON PARISH COUNCIL  
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|                               | <b>ISSUE</b>   | <b>RECOMMENDATION</b>   | <b>FOLLOW UP</b>                                 |
|-------------------------------|--|---|--|
| <b>2019/20 internal audit</b> |  |   |  |
| 1                             | <p>The AGAR annual return accounts are incorrect as noted below:</p> <ul style="list-style-type: none"> <li>- Box 7 for the 2018/19 comparatives should state £5880</li> <li>- Box 7 for 2019/20 should state £5042</li> </ul> <p>In addition, the draft AGAR is the version for councils that are not applying exemption from external audit. However, the budget states that the council will be exempt from external audit for 2019/20.</p> | <p><i>The AGAR annual return accounts should be amended as noted</i></p> <p><i>Council should ensure they use the correct AGAR annual return form for 2019/20</i></p>                         | <b>Implemented</b>                               |
| 2                             | The council borrowed £350 during the year.   | <i>The Financial Regulations (FRs) require any borrowing approvals to be secured before any borrowing is undertaken</i>   | <b>Noted – no further borrowings anticipated</b> |
| 3                             | Additions to fixed assets have been recorded gross of VAT.   | <i>Fixed assets should be recorded at purchase cost net of VAT. The fixed asset register should be adjusted accordingly and the AGAR accounts disclosure (Box 9) for fixed assets amended</i> | <b>Implemented</b>                               |
| 4                             | The risk assessment was not reviewed,  | <i>Risk assessment should be reviewed</i>   | <b>Implemented</b>                               |

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|                               | updated and approved by council in 2019/20  | <i>updated and approved each financial year</i>   |   |
| 5                             | We could not identify approval in the minutes for the purchase of LED lights  | <i>All payments should be approved in the minutes.</i>  | <b>Implemented – no approval issues identified in 2020/21</b> |
| 6                             | The insurance policy was not provided for internal audit  | <i>The full insurance policy should be provided for internal audit each financial year</i>  | <b>Implemented</b>  |
| <b>2018/19 internal audit</b> |   |   |   |
| 1                             | The 2017/18 VAT refund due was not reclaimed and received in 2018/19.   | <i>VAT should be reclaimed on a timely basis</i>  | <b>Implemented</b>  |
| <b>2017/18 internal audit</b> |   |   |   |
| 1                             | Data Protection Law will change significantly on May 25 <sup>th</sup> 2018 due to the 2016 EU Directive General Data Protection Regulation (GDPR) taking effect.<br><br>GDPR replaces the 1998 Data Protection Act and it will impose new obligations on Data Controllers and Data Processors and | <i>The impact of GDPR on the council should be identified through review of ICO and NALC guidance and the Data Protection policy, risk assessment and internal controls should be updated accordingly</i> | <b>Ongoing implementation</b>                                 |

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|--|---|-----------------------|------------------|
|  | provides enhanced rights for individuals.<br>Compliance with GDPR could have<br>resource implications for local councils. |                       |                  |