

INTERNAL AUDIT REPORT
WILLINGTON PARISH COUNCIL
2021/22

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 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 un-presented as at march 31 st . This does not affect the balance carried forward.	<i>The bank reconciliation must always be carried out using the March 31st balances.</i>	Noted. The year-end bank reconciliation for 2022-23 will be carried out correctly next year to the end of March 2023. Response approved at the meeting of Willington PC on 17th May 2022 minute 22/016.2.
2020/21 internal audit			
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>	Noted by council but commented due to size of council this is lower risk.
2019/20 internal audit			
1	The AGAR annual return accounts are incorrect as noted below: - Box 7 for the 2018/19 comparatives	<i>The AGAR annual return accounts should be amended as noted</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>should state £5880</p> <p>- Box 7 for 2019/20 should state £5042</p> <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>Council should ensure they use the correct AGAR annual return form for 2019/20</i></p>	
2	<p>The council borrowed £350 during the year.</p>	<p><i>The Financial Regulations (FRs) require any borrowing approvals to be secured before any borrowing is undertaken</i></p>	<p>Noted – no further borrowings anticipated</p>
3	<p>Additions to fixed assets have been recorded gross of VAT.</p>	<p><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></p>	<p>Implemented</p>
4	<p>The risk assessment was not reviewed, updated and approved by council in 2019/20</p>	<p><i>Risk assessment should be reviewed updated and approved each financial year</i></p>	<p>Implemented</p>
5	<p>We could not identify approval in the minutes for the purchase of LED lights</p>	<p><i>All payments should be approved in the minutes.</i></p>	<p>Implemented – no approval issues identified in 2020/21</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
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>	Implemented
2018/19 internal audit			
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>	Implemented
2017/18 internal audit			
1	<p>Data Protection Law will change significantly on May 25th 2018 due to the 2016 EU Directive General Data Protection Regulation (GDPR) taking effect.</p> <p>GDPR replaces the 1998 Data Protection Act and it will impose new obligations on Data Controllers and Data Processors and provides enhanced rights for individuals. Compliance with GDPR could have resource implications for local councils.</p>	<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>	Ongoing implementation