

INTERNAL AUDIT REPORT 2022/23
DARNHALL PARISH COUNCIL

The internal audit of Darnhall Parish Council was 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

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. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan overleaf.

J D H Business Services Ltd

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	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>Bank reconciliation:</p> <ul style="list-style-type: none"> - No bank statement was provide to evidence the Barclays Savings Account balance used in the year end bank reconciliation - The bank accounts were not labelled in the year end bank reconciliation - The unpresented cheques in the year end bank reconciliation were not labelled with the cheque number to ensure sufficient audit trail to the cashbook 	<p><i>Year end bank statements must be obtained for all bank accounts.</i></p> <p><i>Bank accounts and unpresented cheques must be clearly referenced in the year end bank reconciliation.</i></p>	
2	No VAT reclaims were received during 2022/23.	<i>VAT should be reclaimed on a timely basis and at least annually.</i>	
2021/22 internal audit			
1	<p>Bank reconciliation:</p> <ul style="list-style-type: none"> - The Barclays Savings Account balance used in the year end bank reconciliation is £8817.96 but the actual year end bank statement balance is £8818.18 - The 200 Club balance used in the 	<p><i>Year end bank statements must be obtained for all bank accounts and all bank accounts in the SCRIBE ledger must be balanced to the year end bank statement balances.</i></p>	Recommendation Outstanding

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	<p>year end bank reconciliation is £789 but the actual year end bank statement balance is £823</p> <p>- The Barclays Community account balance statement balance is dated 22 November 2021.</p>		
2	<p>No VAT is recorded in the cashbook expenditure analysis and no VAT records were provided for internal audit. Therefore, although a VAT reclaim of £505.22 was received in the financial year, we were unable to review whether this covered all previous outstanding VAT reclaims.</p>	<p><i>The cashbook analysis must record VAT to help ensure a complete and accurate VAT reclaim can be submitted for the financial year.</i></p> <p><i>The council must review VAT records to ensure all outstanding VAT from prior years has been reclaimed.</i></p>	Implemented
3	<p>Income receipts/ invoices were not available to substantiate all of the income received on 24/11/21 of £553.00.</p>	<p><i>A complete audit trail of income documentation should be retained for all entries into the SCRIBE ledger.</i></p>	No further income hire issues identified in 2022/23
2020/21 internal audit			
1	<p>The insurance documents provided for internal audit did not state the level of fidelity insurance cover in place.</p>	<p><i>The council should provide the full insurance schedule for internal audit in future.</i></p>	Implemented
2	<p>The bank statements provided for the Barclays community account only covered</p>	<p><i>Year end bank statements must be provided for internal audit to substantiate</i></p>	Recommendation outstanding – see 2021/22

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	ISSUE	RECOMMENDATION	FOLLOW UP
	the period up to December 2020.	<i>the year end bank reconciliation.</i>	issues