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9th April 2023

Little Witley Parish Council
1a Church Walk
Stourport on Severn
Worcestershire
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Internal Audit for Little Witley Parish Council

I have now completed the internal audit for Little Witley Parish Council. I have carried out tests on the systems in place and have reviewed the internal controls. I confirm I have acted independently; the basis of the internal audit is by selective assessment of compliance with relevant procedures and controls. Please present this report to the parish council.

A. Appropriate books of account

Appropriate books of account have been kept during the year. The council has used a spreadsheet to record the books of account, there were some errors on the spreadsheet which were partly due to the carry over of errors from the preceding financial year. These have now been corrected.

B. Financial Regulations

There is an audit trail of payment samples picked, payments were supported by receipts or invoices and payment schedules were reported to meetings. VAT was appropriately accounted for and a VAT reclaim was made.

The financial regulations do not allow for a cash float to be used and consequently, the cash float held has now been paid back into the bank account.

The general reserves are high, according to the Practitioner's Guide the general reserves should be maintained at between 3 – 12 months of the net revenue expenditure, which for Little Witley Parish Council, is your precept figure. This guide relates to reserves that are not earmarked for specific purposes, therefore the parish council may wish to consider the level of reserves with a view of setting some aside for specific purposes, e.g. election costs or replacement of assets.

C. Risk Assessments

The council carried out a risk assessment during the year which was reviewed at council and minuted.

The council's insurance cover includes public liability, employer's liability and fidelity guarantee.

D. Precept

The precept was set at the parish council. At the time of the internal audit the budget set against the precept was not available, it is understood a budget has now been completed. The minutes do mention financial comparisons against the budget but it is not clear if budget monitoring reports are provided or if this was based on payments lists being presented for approval. It is good practice to regularly compare income and expenditure against the agreed budget.

E. Income

There were no unusual receipts or cash receipts during the year.

F. Petty Cash

The petty cash float was paid back into the bank during the year. There had been no petty cash purchases made.

G. PAYE

The PAYE is administered using HMRC's Basic Tools, a pay award amounting to an increase of 54p an hour was approved within the minutes. A quick calculation would mean back pay was due in month 10 salary of £57.43 however it would appear that back pay of £324.87 has been applied. I cannot find any explanation for this.

Other expenses payments to the clerk are reasonable and are receipted where appropriate.

H. Asset Register

The parish council maintains an asset register which has been reviewed during the year.

I. Bank reconciliations

The 2021/22 annual accounting statement as approved by the parish council on 9th May 2022 were incorrect. There had been a receipt and interest received in March 2022 which had not been added to the cash book which meant the income figure and bank balances as at 31st March 2022 were incorrect. The clerk had sent an amended version to me prior to the conclusion of the internal audit. I can find no trace of the amended annual statements being presented to the council and the version on file is the previously approved, incorrect version. Consequently, the brought forward balances as at 1st April 2022 were incorrect and I can see no evidence of satisfactory period bank reconciliations on file. I have provided the newly appointed clerk the corrected annual statements for 2021/22 which has enabled her to carry out the corrections to the cashbook and produce a year end bank reconciliation that agrees to the bank accounts.

J. Accounting Statements

The parish council prepares the accounting statements on a Receipts and Payments basis. As reported above, the initial brought forward figures from 2021/22 were incorrect. These have now been corrected.

K. Exemption

The council met the exemption criteria for the 2020/21 review and correctly declared itself exempt from a limited assurance review.

L. Transparency Code

The council has published information on the website in accordance with the Transparency code for smaller authorities.

M. Public Rights

The council had correctly published on the website a notice providing for the period for the exercise of public rights as required by the Accounts and Audit Regulations for the 2021/22 period.

N. Publication Requirements

The council has published documents on the parish council website, the accounting statement for 2021/22 is the incorrect version.

Diane Malley

Diane Malley MAAT

Annual Internal Audit Report 2022/23

Little Witley Parish Council

<https://www.littlewitley.org.uk/>

PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			✓
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.		✓	
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.		✓	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")	✓		
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

09/04/2023/MM/YYYY DD/MM/YYYY

ENTR DIANE OF MALLET AUDITOR

Signature of person who carried out the internal audit

DIANE MALLET SIGNATURE REQUIRED

Date

09/04/2023.

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).