

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25

The internal audit 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. The recommendations included in the action plan should be implemented promptly.

JDH Business Services Limited

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
2024/25 internal audit			
1	<p>The council did not review, update and approve a risk assessment during the financial year. Financial Regulations require the following:</p> <p><i>'The Clerk shall prepare, for approval by Shavington-cum-Gresty Parish Council a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.'</i></p>	<p><i>The risk assessment should be reviewed, updated and approved by council each financial year.</i></p>	
2	<p>The council has disclosed that fidelity cover is currently £200,000. Fidelity insurance should aim to cover the maximum projected cash and bank balances which is estimated as the year end cash and bank and short term investments balances of £154,087 plus the next precept instalment of £122,612 which is an estimated maximum projected balance of £276,699. Therefore, projected maximum balances exceed current fidelity insurance cover. Financial Regulations require the following:</p>	<p><i>As part of risk assessment procedures, the council should annually estimate maximum projected cash and bank and short term investment balances as part of annual risk assessment and set the level of fidelity insurance accordingly as required by the Financial Regulations.</i></p> <p><i>The council need to review the current level of fidelity insurance as it does not cover maximum projected cash and bank balances.</i></p>	

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p><i>All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council, or duly delegated committee.</i></p>		
3	<p>The payments in excess of £500 and the following information is not clearly published on the council website as required by the Local Authority Transparency Code 2015:</p> <p><i>PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:</i></p> <ul style="list-style-type: none"> • <i>reference number</i> • <i>title of agreement</i> • <i>LA department responsible</i> • <i>description of the goods and/or services being provided</i> • <i>supplier name and details</i> • <i>sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</i> • <i>Value Added Tax that cannot be recovered</i> • <i>start, end and review dates</i> 	<p><i>The council should ensure the website is maintained up to date and that it complies fully with the publication requirements of the Local Authority Transparency Code 2015.</i></p>	

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

	ISSUE	RECOMMENDATION	FOLLOW UP
	<ul style="list-style-type: none"> • <i>whether or not the contract was the result of an invitation to quote or a published invitation to tender, and</i> • <i>whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number</i> 		
4	We could not identify sales invoices on the SCRIBE system from December 2024 onwards.	<i>Sequential sales invoices should be produced for all hire sales.</i>	
2023/24 internal audit			
1	<p>Review of the draft year end accounts identified that although year end procedures had been applied to produce income and expenditure accounts for 2023/24 and to restate 2022/23 on the same basis, some accrual items had not been identified correctly for 2023/24 and receipts in advance had not been included in the 2022/23 restatement.</p> <p>This was rectified by the clerk for the final SCIBE ledger accounts and the final AGAR.</p>	<i>Year end procedures should ensure all accruals and receipts in advance are correctly identified.</i>	Implemented

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

	ISSUE	RECOMMENDATION	FOLLOW UP
2022/23 internal audit			
1	Annual pay rises are notified to the payroll agent via an email from officers.	<i>The Chair should either email the annual officer pay rise information to the payroll agent, or a scanned letter from the Chair should be sent to the agent confirming the annual officer pay rises.</i>	Implemented
2	There is no current expenses policy in place covering officers and members	<i>The council should consider adopting an expenses policy that covers both officers and members.</i>	Implement as staff expenses are included in the staff handbook and councillors expenses are covered in the Allowances and Expenses Policy.
3	Feedback to our internal audit governance questionnaire regarding Public Contract Regulations indicated no officers had received training in the requirements.	<i>The council need to ensure staff involved in procurement are aware of the requirements of the Public Contracts Regulations 2015 regarding publishing information about contract opportunities and awards, over certain value thresholds, on the Contracts Finder website. In addition, officers need to be aware that the Public Contracts (Amendment) Regulations 2022 came into force on 21 Dec 2022 (refer to Action Note PPN 01/23 Procurement Policy Note – update to legal and policy requirements to publish procurement</i>	Implemented

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>information on Contracts Finder).</i>	
2021/22 internal audit			
1	We were informed that the cleaning contract has been extended by reference to section 11.1 a iv of the Financial Regulations to exempt the contract from the standard procurement requirements of the Financial Regulations for contracts in excess of £3000 where three quotations are required.	<i>The council should note that all contracts in excess of £3000 should be periodically subject to the market testing requirements of the Financial Regulations.</i>	Implemented – market testing exercise carried out in 2022/23
2	<p>The village hall prices are not published on the council website and there is no section on the website noting that there is a village hall for hire.</p> <p>Sample testing of income identified that the hire time, date, unit hire price and number of hires are frequently not included in the hire invoice so there is lack of audit trail from the booking schedules to the customer invoice. In addition, the lack of this information in a customer invoice makes it difficult for a customer with a number of hires to identify which hires they are paying for.</p>	<p><i>The village hall hire prices approved by council should be clearly published on the council website.</i></p> <p><i>Hire invoices should always include the hire time, date, unit hire price and number of hires so the customer is provided with the necessary information about their hire and there is a full audit trail from bookings to invoices issued</i></p>	Implemented

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

	ISSUE	RECOMMENDATION	FOLLOW UP
3	<p>The risk assessment does not address the risks of supplier fraud via appropriately robust policies and procedures. Examples of prevention actions include:</p> <ul style="list-style-type: none"> - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information. - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments. - checking address and financial health details 	<p><i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i></p>	<p>Implemented</p>

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>with Companies House</p> <ul style="list-style-type: none"> - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account 		
2020/21 internal audit			
1	The 2019/20 accounts comparatives in the 2020/21 AGAR are incorrect. £21,217 has been disclosed as staff costs instead of £20,217. In addition, a number of rounding changes have been made.	<i>The 2019/20 accounts which were certified by the external auditor must be disclosed accurately in the 2020/21 AGAR.</i>	Implemented
2	The cash book was balanced to the incorrect bank statement date in the year end bank reconciliation. The statement balance as at March 29 th 2021 was used which resulted in a number of cheques being disclosed as 'unpresented' in the bank reconciliation when in fact they had cleared the bank account by March 31 st , 2021.	<i>The year end bank statement balance must be used in the year end bank reconciliation.</i>	Implemented
3	The council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as amended by SI 2020/404 the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 as it failed to make proper provision for the exercise of	<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.</i>	Implemented

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2024/25**

	ISSUE	RECOMMENDATION	FOLLOW UP
	public rights for the 2019/20 accounts. The public notice inspection period covered a 29 working day period instead of 30 days as no account was taken of the fact that August 31 st 2020 was a bank holiday.		
4	The VAT return produced by the SCRIBE system contains no supplier VAT registration numbers. No VAT reclaims were received in the year.	<i>VAT must be reclaimed on a timely basis. The VAT return needs to be populated with all supplier VAT registration numbers before submission to HMRC.</i>	Implemented
5	Two laptops were purchased during the year but had not been added to the fixed asset register.	<i>The council must ensure that all capital additions during the year are identified and recorded in the fixed assets register.</i>	No issues identified in 2021/22 fixed asset testing.