

INTERNAL AUDIT REPORT BAYSTON HILL PARISH COUNCIL

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)
- Year end testing on the accuracy and completeness of the 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.

The interim internal audit provides evidence to support the annual internal audit conclusion in the AGAR for local councils.

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, **except for** 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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	ISSUE	RECOMMENDATION	FOLLOW UP
2024/25 Interim internal audit			
1	<p>Petty cash issues:</p> <ul style="list-style-type: none"> Cash income has been banked into petty cash, which is prohibited by the council's Financial Regulations. The petty cash float has at times been in excess of £100, which is above the maximum threshold for petty cash set by the council's financial regulations. 	<p><i>Cash incomes should not be paid into petty cash and the maximum limit of petty cash set by the Financial Regulations should not be exceeded.</i></p>	<p>Petty Cash to cease and float banked.</p> <p>Donation over £100 from Repair Café donations.</p>
2	<p>The following payments could not be identified as approved in the minutes:</p> <ul style="list-style-type: none"> £103.50, Timber, Woodland Timber products, Equals Card, 19/04/2024. £18000, Library contribution, Shropshire Council, 23/04/2024. 	<p><i>All expenditure should be approved by council in the minutes.</i></p>	<p>FC154.23/24 – Library subsidy decision.</p> <p>Both other payments, missed from payments lists. All payment list are now generated from Scribe.</p>

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	<ul style="list-style-type: none"> £7.33, Refreshments, Sainsbury's, Petty Cash, 12/08/2024. 		
3	There is currently no formal medium term corporate plan showing the medium term priorities, objectives and strategic direction of the council.	<i>The council should consider formalising its priorities and objectives into a medium term corporate plan.</i>	<p>The Parish Council have a strategy session every July to look ahead to the next financial year. Eg in July 2024 they looked at projects in 2025/26.</p> <p>Draft plan to be shared at Annual Council.</p>
4	We were informed that no formal contingency arrangements are in place to maintain complete and accurate up to date accounting records if the RFO was absent for a significant period.	<i>The council need to review its contingency arrangements for maintaining complete and accurate financial systems and controls in the absence of the the clerk/RFO and ensure formal arrangements are in place.</i>	Deputy Clerk to receive training on payments and payroll. Work instructions completed. Passwords are kept with the Chairman for access – this will remain the same.
5	<p>The following sales invoice could not be matched with the fees price list:</p> <ul style="list-style-type: none"> Tn 92, Football pitch income, £40, Just4Keepers 	<i>The council should review the transaction and ensure prices charged are included in the annual fees and charges price list.</i>	This use for the facilities does not fit within our amenity offer. Arrangement made by previous Clerk. To be reviewed at next Services Committee.