



# Stirchley and Brookside Parish Council

Internal Audit 2023/24

JDH BUSINESS SERVICES LTD

*Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales*

## INTERNAL AUDIT REPORT

The internal audit of Stirchley and Brookside Parish Council is 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)
- 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.

The interim internal audit provides evidence to support the internal audit conclusion in the AGAR Annual Return 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 NOT is in place**, adequate for the purpose intended and effective. The recommendations reported in the action plan overleaf need to be implemented promptly. 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**

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
<b>2023/24 Internal Audit</b>			
1	The 2022/23 AGAR accounts have been restated for prior year cumulative VAT errors.	<i>A complete audit trail for all prior year adjustments should be provided in the submission to external audit.</i>	
2	The prime book of record for the council accounts, the SCRIBE ledger, was not updated on a timely basis in the financial year due to insufficient staff resources. The ledger for the financial year was fully updated and balanced by the clerk after the year end.	<i>The council must ensure sufficient staff resources are in place to enable the SCRIBE ledger to be maintained completely and accurately on a timely basis throughout the financial year.</i>	
3	As the SCRIBE ledger was not updated regularly during the financial year, no regular monthly bank reconciliations were produced and reported to council.	<i>Complete and accurate bank reconciliations must be completed and presented to council on a timely basis throughout the financial year.</i>	
4	Due to the lack of an up to date SCRIBE ledger, no budgetary control statements were provided to council for review for the majority of the financial year.  The Financial Regulations require that:	<i>Regular budgetary control information from the financial ledger must be provided to the council in accordance with the Financial Regulations, including the explanation of material variances.</i>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p><i>4.8. The RFO shall quarterly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of £100 or 15% of the budget.</i></p>		
5	<p>There is no formal adopted budget timetable in place evidencing the key milestones leading to the agreement of the precept request for the year and approval of the annual budget.</p>	<p><i>A comprehensive formal budget timetable should be established annually covering the main elements of the Council's budget setting process together with key dates and responsibilities.</i></p>	
6	<p>Review of the 2023/24 VAT reconciliation shows that the stated net amount year end VAT debtor of £23,197 includes a substantial amount of VAT that has been paid through HMRC assessments for VAT due to late submission of returns as follows:</p> <p>Third Quarter 2022/23 £4,178.40 (highlighted in the 2022/23 internal audit) Fourth Quarter 2022/23 £817.47 First Quarter 2023/24 £1,631.44</p>	<p><i>The council must bring the VAT account up to date and reclaim all outstanding monies due from HMRC.</i></p> <p><i>Complete and accurate VAT returns must be submitted to HMRC within deadlines as required by the Financial Regulations:</i> <i>'9.8. The RFO shall promptly complete any VAT Return that is required.'</i></p>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	Therefore, the latest VAT reconciliation indicates the council has had to pay a total of £6,627 to HMRC in respect of assessments for VAT, over and above the net cumulative VAT actually due to March 31 <sup>st</sup> 2024 of £16640, and therefore this also needs to be reclaimed.		
7	A draft risk assessment was presented to council in march 2024, however, this was not adopted as it is subject to further revisions. Therefore, the council did not review, update and approve a risk assessment during the financial year. Therefore, none of the council operational, financial, strategic and governance risks were reviewed in advance of the financial year.	<i>A comprehensive risk assessment document must be reviewed, updated and approved by full council each financial year.</i>	
8	Recurring Issue - We were informed by the locum clerk that a review had identified that some staff contracts were either not up to date or signed contracts could not be located.	<i>Standardised model contracts of employment should be established for all current and new employees.</i>	
9	There was no internal control in place whereby nominated members periodically select a sample payroll month and check the accuracy of payroll to source documentation.	<i>As part of the in-year checks of finance, members should periodically check the monthly payroll analysis to source documents including timesheets, contracts</i>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>of employment and other supporting information.</i>	
10	<p>The disclosed fixed asset value for 2023/24 has remained unchanged from the 2022/23 financial year and no updated comprehensive asset register was provided for internal audit. The fixed asset register is a basic listing of assets and has not been updated during the year. A comprehensive asset register is a key management tool for managing fixed assets effectively.</p>	<p><i>The council must establish a complete, accurate and up to date fixed asset register that includes at least the following key information:</i></p> <ul style="list-style-type: none"> <li>• <i>Valuation for AGAR disclosure purposes</i></li> <li>• <i>Insurance value</i></li> <li>• <i>Dates of acquisition, upgrade and disposal (it is useful to keep a record of disposed assets as an asset management tool)</i></li> <li>• <i>Costs of acquisition and any expenditure which increases the life of the asset</i></li> <li>• <i>If proxy cost is used for first valuation, a note of the method used for valuation and details of any professional advice received</i></li> <li>• <i>Useful life estimate</i></li> <li>• <i>Location</i></li> <li>• <i>Responsibility/custodian)</i></li> <li>• <i>Any available indications of asset condition</i></li> <li>• <i>Evidence assets have been matched with the insurance schedule to</i></li> </ul>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>ensure all assets are appropriately insured</i>	
11	In the year end bank reconciliation, the petty cash balance was disclosed as £28.85 and the Till balance as £95.63. No evidence was provided for internal audit that the SCRIBE balances for these accounts had been reconciled with the actual petty cash /tills, either during the year or at the year end.	<i>Robust internal controls over petty cash and the till receipts must be applied including reconciliation of Scribe ledger values to actual petty cash held and till receipts. These reconciliations should be reported to council monthly along with monthly bank reconciliations, to provide assurance they have been completed and the accounts are reconciled.</i>	
12	The council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision for the exercise of public rights for the 2022/23 accounts. The public notice did not cover the first 10 working days of July 2023.	<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>	
13	As at the date of the internal audit in August 2024 the final approved minutes for January, February and March 2024 were not published on the council website.	<i>Minutes must be finalised and published on a timely basis.</i>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
14	<p>Payments in excess of £500 and the following information is not 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"> <li>- <i>reference number</i></li> <li>- <i>title of agreement</i></li> <li>- <i>LA department responsible</i></li> <li>- <i>description of the goods and/or services being provided</i></li> <li>- <i>supplier name and details</i></li> <li>- <i>sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</i></li> <li>- <i>Value Added Tax that cannot be recovered</i></li> <li>- <i>start, end and review dates</i></li> <li>- <i>whether or not the contract was the result of an invitation to quote or a published invitation to tender, and</i></li> <li>- <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></li> </ul>	<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>	
15	<p>The council website is not currently meeting the requirements of the Audit</p>	<p><i>The website should include five years of published accounts.</i></p>	



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	Regulations Section 13 (2) (b) which requires 5 years of AGAR accounts published on the website.		
16	<p>Publication Requirements:</p> <p>The following AGAR requirements were not published by July 1<sup>st</sup>, 2023:</p> <ul style="list-style-type: none"> <li>• Section 1 - Annual Governance Statement 2023/24, approved and signed</li> <li>• Section 2 - Accounting Statements 2023/24, approved and signed</li> </ul> <p>Therefore, we have concluded in the AGAR internal audit certificate that the council did not comply with the publication requirements for the 2022/23 AGAR audit as required by the Accounts and Audit Regulations 2015.</p>	<i>The council must comply with the publication requirements of the Accounts and Audit Regulations 2015.</i>	
<b>2022/23 Internal Audit</b>			
1	As at the year-end no liability had been included the accounts for a potential outstanding amount relating to cumulative	<i>The £145k pension liability existed at the March 31<sup>st</sup> Balance Sheet date but is not included in the balance sheet and year end</i>	The council did not restate the 2022/23 accounts for the pension liability. The full

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>pension deficits of £145k as at March 31<sup>st</sup> 2023. The potential liability has arisen as the council left the Local Government Pension Scheme (LGPS) previously to join the NEST scheme and now all employees who were in the scheme are no longer employed at the council. The council were notified by the pension administrator of this potential liability during 2022/23.</p> <p>The pension costs do not relate to an action taken or a service received in future years, the costs are fully in respect of prior financial years and therefore normally it would be consistent with FRS102 to establish a liability in the accounts, as FRS102 requires recognition of a liability when “the entity has an obligation at the end of the reporting period as a result of a past event(s)”. The council determined in October 2023 to crystalline the full liability rather than rejoin the LGPS.</p>	<p><i>accounts. The council must as a priority discuss with the external auditor their required accounting treatment for this issue for the 2022/23 accounts as normally a creditor is established in the accounts for an obligation at the end of the reporting period as a result of a past events.</i></p>	<p>amount of the liability was paid during 2023/24.</p>
2	<p>General Reserves remaining after adjusting for the Earmarked Reserve of £90320 and the potential pension liability noted above of £145k would be approximately £127,483 which is 40% of the 2022/23 precept level of £316,718. However, we understand there is another unbudgeted</p>	<p><i>Council need to monitor the level of general reserves to ensure the levels remain within sector guidance of 25% and 100% of the precept level.</i></p>	<p>2023/24 levels of general reserves are within sector guidance levels.</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
	financial cost that will arise in 2023/24 which is a tribunal case that has been determined.		
3	<p>There is no evidence that any of our VAT issues and recommendations reported in previous years have been addressed.</p> <p>In addition, a material VAT error has occurred in 2022/23. As the council did not submit a VAT return for quarter ended 31 Dec 2022, HMRC assessed a VAT due figure of £4178.40 which was paid by the council. This payment has not been posted to the council VAT control account, instead it has been posted as a standard expenditure item, and therefore the year end debtor is understated by £4178.40.</p> <p>Photocopying charges appear in the SCRIBE ledger but there does not appear to be VAT charged on all instances of these supplies. Photocopying charges are usually VATable supplies.</p>	<p><i>The council must implement our recommendations regarding VAT from prior years.</i></p> <p><i>The SCRIBE accounts need to be changed to reflect the correct treatment of the VAT assessment payment to HMRC for the quarter ended 31 Dec '22. The council must ensure that any VAT amendments made in respect of previous periods are reflected in the next VAT claim.</i></p> <p><i>Complete and accurate VAT returns must be submitted to HMRC within deadlines as required by the Financial Regulations: '9.8. The RFO shall promptly complete any VAT Return that is required.'</i></p> <p><i>The council must ensure that it is clear which of its supplies are standard rated for VAT and always charge output VAT on these supplies.</i></p>	<p>The 2022/23 accounts were restated in the 2023/24 AGAR to reflect the £4718 VAT error noted. See 2023/24 report for further VAT issues.</p>
4	The prime book of record for the council accounts, the SCRIBE ledger, was not updated on a timely basis in the financial	<i>The council must ensure sufficient staff resources are in place to enable the SCRIBE ledger to be maintained</i>	Recommendation outstanding – see 2023/24 report

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	ISSUE	RECOMMENDATION	FOLLOW UP
	year after the first quarter due to insufficient staff resources. The ledger was fully updated and balanced by the locum clerk after the year end.	<i>completely and accurately on a timely basis throughout the financial year.</i>	
5	As the SCRIBE ledger was not updated regularly after the first quarter of the financial year, no regular monthly bank reconciliations were produced and reported to council.	<i>Complete and accurate bank reconciliations must be completed and presented to council on a timely basis throughout the financial year.</i>	Recommendation outstanding – see 2023/24 report
6	<p>Due to the lack of an up to date SCRIBE ledger, no budgetary control statements were provided to council for review for the majority of the financial year.</p> <p>The Financial Regulations require that:</p> <p><i>4.8. The RFO shall quarterly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose “material” shall be in excess of £100 or 15% of the budget.</i></p>	<i>Regular budgetary control information from the financial ledger must be provided to the council in accordance with the Financial Regulations, including the explanation of material variances.</i>	Recommendation outstanding – see 2023/24 report
7	Review of the draft accounts provided identified that year end procedures had not been correctly applied to produce accurate	<i>The council is an income and expenditure council and must apply year end procedures to completely and accurately</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
	income and expenditure accounts as no review had been carried out to identify any accruals, creditors, prepayments or receipts in advance that needed to be included in the trial balance and balance sheet.	<i>capture all accruals, creditors, prepayments and receipts in advance for inclusion in the year end trial balance and balance sheet and income and expenditure accounts.</i>	
8	The council did not review, update and approve a risk assessment during the financial year. Therefore, none of the council operational, financial, strategic and governance risks were reviewed in the financial year.	<i>A comprehensive risk assessment document must be reviewed, updated and approved by full council each financial year.</i>	Recommendation outstanding – see 2023/24 report
9	We were informed by the locum clerk that a review had identified that staff contracts were either not up to date or signed contracts could not be located.	<i>Standardised model contracts of employment should be established for all current and new employees.</i>	Recommendation outstanding – see 2023/24 report
10	The fixed asset register is a basic listing of assets and has not been updated during the year. A comprehensive asset register is a key management tool for managing fixed assets effectively and the current version used should be developed further.	<p><i>The council should establish a fixed asset register that includes the following key information:</i></p> <ul style="list-style-type: none"> <li>• <i>Valuation for AGAR disclosure purposes</i></li> <li>• <i>Insurance value</i></li> <li>• <i>Dates of acquisition, upgrade and disposal (it is useful to keep a record of disposed assets as an asset management tool)</i></li> </ul>	Recommendation outstanding – see 2023/24 report

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	ISSUE	RECOMMENDATION	FOLLOW UP
		<ul style="list-style-type: none"> <li>• <i>Costs of acquisition and any expenditure which increases the life of the asset</i></li> <li>• <i>If proxy cost is used for first valuation, a note of the method used for valuation and details of any professional advice received</i></li> <li>• <i>Useful life estimate</i></li> <li>• <i>Location</i></li> <li>• <i>Responsibility/custodian)</i></li> <li>• <i>Any available indications of asset condition</i></li> <li>• <i>Evidence assets have been matched with the insurance schedule to ensure all assets are appropriately insured</i></li> </ul>	
11	<p>The petty cash balance at the year end was £226.50 and the Till balance is reported as £208.61. No evidence was provided for internal audit with respect to these two balances or the reconciliations/transactions during the year.</p> <p>Petty cash internal controls were not sufficient during the financial year to date as there was no evidence the petty cash value per the Scribe ledger had been reconciled to the physical petty cash with all differences followed up and resolved.</p>	<p><i>Robust internal controls over petty cash and the till receipts must be applied including reconciliation of Scribe ledger values to actual petty cash and till receipts. These reconciliations should be reported to council monthly along with monthly bank reconciliations, to provide assurance they have been completed and the accounts are reconciled.</i></p>	<p>Recommendation outstanding – see 2023/24 report</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
	The same issue applies to the till account as no evidence was provided that the Till balance per SCRIBE was reconciled to the till income received throughout the financial year.		
12	Fees and charges have not been reviewed and approved annually by full council as required by the Financial Regulations: 9.3. <i>The council will review all fees and charges at least annually, following a report of the Clerk.</i>	<i>Fees and charges should be reviewed and approved annually by council in accordance with the Financial Regulations.</i>	The clerk has noted that proposals for fees and charges for the use of the centre and allotments were presented to the meetings of Council on 13th February and 12th March 2024.
13	<p>Publication Requirements:</p> <p>The Notice of Conclusion of Audit and Audit Certificate were not published by the deadline of September 30<sup>th</sup> 2022. Therefore, we have concluded in the AGAR internal audit certificate that the council did not comply with the publication requirements for the 2021/22 AGAR audit as required by the Accounts and Audit Regulations 2015.</p> <p>The council website does not comply with publishing requirements for other aspects such as the requirement for 5 years of</p>	<i>The council must comply with the publication requirements of relevant legislation including the Accounts and Audit Regulations 2015.</i>	Recommendation outstanding – see 2023/24 report

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	ISSUE	RECOMMENDATION	FOLLOW UP
	AGAR accounts to be published on the website.		
14	Formal review and approval of the Standing Orders and Financial Regulations is not evidenced in the 2022/23 minutes.	<i>The Standing Orders and Financial Regulations need to be reviewed and approved annually by council.</i>	Revised Standing Orders and Financial Regulations were presented to Council at the meeting on 10 October 2023. These were resolved to be adopted.
15	The SLA with Shropshire Council for the provision of Youth Activities is not signed.	<i>All SLA agreements should be signed and countersigned.</i>	Not implemented and we were informed the SLA expired March 2024.
16	The £amount of the precept request for 2023/24 is not recorded in the full council minutes which is a requirement of the Local Government Act 1992, as the February 2023 council meeting agreed the precept but did not state the monetary amount of the precept.	<i>The amount of precept requested must be stated in the council resolution of the minutes where the precept was decided.</i>	Unable to review as no minutes were provided for the January to March 2024 period.
17	Documentation to support entries in the accounts or evidence of authorisation to pay was not sufficient for some of the items sampled:	<i>Documentation must be retained to support all accounting entries and payments.  All payments must be authorised in accordance with the Financial Regulations and evidence of the authorisation retained.</i>	Implemented



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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>1.) Big Local Plan Extension journal £5,000 dated April 2022. This payment was originally processed on 28 September 2021 showing the VAT element for reclaim. The invoice is made out to Brookside Central.</p> <p>2. Brookside Central CIO £2,000 dated 16 June 2022, Bare Nutrition £2,000 dated 26 July 2022. and FAIRshare Midlands £1,050 dated 16 June 2022. Council did not evidence the authorisation to pay these payments.</p>		
<b>2021/22 Year End Internal Audit</b>			
1	<p>The analysis of the ‘unpresented payments’ of £11927.47 in the year end bank reconciliation contains a number of items that indicate there were errors in the ledger at the year end:</p> <p>A.)The following ‘unpresented’ items were actually duplicates or reissued invoices:</p> <p>Voucher 475 10/08/2021 Boiler Filters £28.49  Voucher 671 23/11/2021 Coaches for Pensioner's Party £185.00  Voucher 670 25/11/2021 Coaches for Pensioner's Party -£310.00</p>	<p><i>A comprehensive review is needed of all ‘unpresented payments’ and ‘unpresented receipts’ in the year end bank reconciliation and correcting entries posted to the SCRIBE ledger to correct the errors in the ledger and year end accounts.</i></p> <p><i>The RFO is currently working with support from SCRIBE to finalise the adjustments required to correct the 2021/22 accounts.</i></p>	<p>See 2022/23 bank reconciliation issue – monthly bank reconciliation were not prepared throughout the financial year.</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>Voucher 698 17/12/2021 Salary £1,305.54</p> <p>B.)The following items totalling £5,470.57 had been duplicated in unrepresented payments and creditors and adjustments are needed to ensure the income and expenditure accounts are correct as these should have just been recorded as creditors:</p> <p>Photocopier lease document fee £100.00                      Website hosting Office Support £35.99                      Photocopying £46.71                      VOIP Telephone calls Office Support £49.30                      Bank Charge Office Support £7.00                      Office rent BBL £2,000.00                      Hire external facilities £60 .00                      Utility charges Service Charge £1,261.56                      Utility charges Service Charge £1,810.01</p> <p>C.) A total of £3774.19 payroll net expenditure posted as payments and showing in the unrepresented payments list in the year end bank reconciliations should have been recorded as creditors as the payments were made post year end.</p> <p>D.) Six direct debits totalling £577.20 for hygiene services were included as unrepresented payments in the bank reconciliation but these payments had not actually been made and in any event they</p>		

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>related to the 2022/23 financial year. This expenditure should not form part of the 2021/22 accounts.</p> <p>E.)The list of ‘unpresented receipts’ of £89.14 net in the bank reconciliation does not represent lodgments awaiting clearance at the bank at the year end, and three of the four items relate to hall hire and one refund. This list should be reviewed and any ledger corrections required should be posted.</p>		
2	<p><b>VAT issues:</b></p> <ul style="list-style-type: none"> <li>- The VAT control account debtor of £6,089.83 per the Scribe balance sheet does not agree to the total of the outstanding VAT reclaims submitted prior to the year end.</li> <li>- We were informed the quarter three VAT return was not submitted until March 29<sup>th</sup> 2022</li> <li>- Input VAT of £858.26 was incorrectly claimed on Big Local expenditure.</li> </ul>	<p><i>The SCRIBE balance sheet debtor should be reconciled with the VAT 126 claims submitted and any under/over reclaims of VAT corrected in the next VAT reclaim. Year end procedures must include a full reconciliation of the VAT debtor per the balance sheet with outstanding VAT returns.</i></p> <p><i>VAT returns must be submitted within HMRC deadlines.</i></p> <p><i>The next VAT return should be corrected for the overclaim of VAT and procedures should ensure that VAT is not reclaimed for this category of spend.</i></p>	<p>Recommendation Outstanding – also see 2022/23 VAT issues</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
3	<p>The petty cash balance at the year end was £52.56 per the ledger but this was not matched with the physical petty cash and certified by a nominated councillor or the Audit subcommittee. We note that the Audit subcommittee met on 15 February at which point the petty cash did not balance.</p> <p>No evidence was provided to support the year end till balance of £418.02 and due to Covid absences the till was not balanced at the year end.</p>	<p><i>The petty cash and till must be balanced with physical cash at the year end and regularly during the financial year. Evidence in the form of a dated signature should be retained to evidence the cashing up has occurred and balances verified.</i></p>	<p>Recommendation Outstanding – see 2022/23 petty cash and till issues</p>
<b>2021/22 Interim Internal Audit</b>			
1	<p>As at the date of the interim internal audit, the transactional bank accounts (ie non-deposit accounts) had not been balanced to the ledger as part of month end procedures since the council switched to the Scribe accounting software from the previous Rialtas software. The cumulative differences between the ledger and the bank accounts are currently highly material and need to be resolved as soon as possible. For instance the cumulative bank reconciliation to 30/11/21 showed an unreconciled difference of £84764,04 between the ledger and the bank statement</p>	<p><i>The cumulative unreconciled differences between the Scribe ledger and the bank statement transactions need to be reconciled and resolved urgently and council should be kept appraised of the situation. If necessary, support should be secured from Scribe to help resolve the issues</i></p>	<p>Recommendation Outstanding –see 2022/23 bank reconciliation issue</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>balance, and the cumulative difference as at the October month end was £16126.99.</p> <p>No monthly bank reconciliations have been reported to council for the financial year to date. This is likely because they did not balance. However, even if a reconciliation does not balance it should be reported to council with explanations so council are fully briefed of the latest situation with regards to the bank reconciliations and any unreconciled differences.</p>		
2	<p><b>RECURRING ISSUE</b></p> <p>For the financial year to date online payments were not pre-authorised by two councillors, as required by the Financial Regulations. Internal controls over online payments should be equivalent to the controls over cheque payments, with two councillors authorising a payment before it is made. We were informed that this internal control will be implemented from February 2022.</p>	<p><i>The council need to urgently implement effective authorisation controls over online banking payments, as required by the Financial Regulations, that ensure two councillors authorise payments before they are made.</i></p>	<p>2023/24 follow up - implemented</p> <p>2022/23 follow up - See 2022/23 issue 17.)</p>
3	<p>Petty cash internal controls were not sufficient during the financial year to date as the petty cash value per the Scribe ledger had not been reconciled to the</p>	<p><i>Robust internal controls over petty cash and the till receipts need to be applied as soon as possible including reconciliation of Scribe ledger values to actual petty cash</i></p>	<p>Recommendation Outstanding – see 2022/23 petty cash and till issues</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>physical petty cash with all differences followed up and resolved. The same issue applies to the new till account that has been established in the Scribe ledger as this has not been reconciled to the till income received.</p>	<p><i>and till receipts. These reconciliations should be reported to council monthly along with monthly bank reconciliations, to provide assurance they have been completed and the accounts are reconciled.</i></p>	
4	<p>Budgetary control issues:</p> <ul style="list-style-type: none"> <li>- Financial Regulations require budgetary control reporting to council at least quarterly. For the financial year to date only one cumulative budgetary control report has been provided to both the Community and Environment and the Policy and Resources Committees for their respective budgets covering the period to November 2021.</li> <li>- The budgetary control information presented to the council is sourced from the Scribe ledger and the report shows the annual budget and the spend/income to date. However, the information does not contain projected spend/income to date so it does not allow council to review whether there is actual under or</li> </ul>	<p><i>Budgetary control reports should be presented to council at least quarterly as required by the Financial Regulations.</i></p> <p><i>The accounting software provider should be consulted to ensure the software can produce a budgetary control report that includes budgeted spend or income to date compared to actual spend or income to date and projected outturn.</i></p> <p><i>Written explanations for material variances from budget as defined in the</i></p>	<p>Recommendation Outstanding – see 2022/23 budgetary control issues</p>

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>over spend compared to the budgeted spend/income to date. There are no written explanations provided to council of material variances as required by the Financial Regulations.</p>	<p><i>Financial Regulations should be provided with all budgetary control reports presented to council.</i></p>	
5	<p>The response to the prior year internal audit report regarding member checks on payments states that the audit sub-committee will undertake quarterly checks on a sample of payments. However, the sub-committee has not met in 2021/22 so this internal control is not being applied as noted.</p>	<p><i>Quarterly checks on a sample of payments by agreeing payment details to the supplier bank account details should be carried out as previously recommended.</i></p>	<p>Recommendation Outstanding</p>
6	<p>The 'request for payment' forms and 'requests to purchase' from the Big Local do not always contain a signature.</p>	<p><i>The Big Local should be asked to always submit signed requests for payment or purchases. Where the amount is significant, they should be contacted directly to confirm that the request is valid and approved.</i></p>	<p>This arrangement ceased in 2023/24</p>