

INTERNAL AUDIT REPORT 2023/24
DONINGTON with BOSCOBEL PARISH COUNCIL

The internal audit of Donington with Boscobel 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)
- 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, subject to 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.

J D H Business Services Ltd

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	ISSUE	RECOMMENDATION	FOLLOW UP
2023/24 internal audit			
1	<p>Expenditure testing identified the following:</p> <ul style="list-style-type: none"> • Payment dated 16/05/23 to allotment association grant for £500. Grant application provided but no email/invoice confirming payment. Minutes approve a grant but do not detail amount to be paid. • Payment dated 20/06/2023 to Albrighton Swimming club for £800. No confirmation of receipt provided just an email indicating the organisation will complete application form for the grant. • Payment dated 18/07/2023 to Nature reserve management committee £3000. No confirmation of receipt provided. 	<p><i>The council is paying a significant number of grants, and contributions to schemes at a neighbouring council. Therefore, formal documentation should be secured and retained for all significant grants donations and contributions, including confirmation for receipt.</i></p>	

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	<ul style="list-style-type: none"> • Payment dated 19/09/2023 to Albrighton PC for cctv of £1500. Only the grant application was provided with no invoice or confirmation of receipt. • Payment dated 26/02/2024, to Albrighton pc for the war memorial, of £5000. Only grant application provided with no invoice or confirmation of receipt. 		
2	No VAT reclaim income is included in receipts in 2023/24.	<i>VAT should be recorded on a timely basis and at least annually.</i>	
3	The risk assessment was not updated, reviewed and approved by the council during 2022/23.	<i>The risk assessment should be updated, reviewed and approved each financial year.</i>	
4	<p>Recurring Recommendation</p> <p>General reserves at the year-end were in excess of 100% of the precept level. Sector guidance is that councils should aim for a general reserve level of between 25% and 100% of the precept or net operating expenditure. The practitioners Guide also notes this recommended level of reserves.</p>	<i>The council should review the level of general reserves during the budget setting process with reference to sector guidance.</i>	

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2022/23 internal audit			
1	The risk assessment was not updated, reviewed and approved by the council during 2022/23.	<i>The risk assessment should be updated, reviewed and approved each financial year.</i>	Recommendation Outstanding
2	<p>There is no current adopted Investment Strategy and Treasury Management strategy displayed with the council website policies, although there are £100000 of investments held.</p> <p>Guidance on Local Government Investments is issued under section 15(1)(a) of the Local Government Act 2003. The guidance applies to all local authorities in England and applies to Town & Parish Councils providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where total investments are expected to be between £10,000 and £100,000 Councils are encouraged to adopt the key principles in this guidance.</p>	<i>The council should consider establishing an Investment Strategy and Treasury Management strategy with reference to the requirements of the Local Government Act 2003.</i>	Recommendation Outstanding
3	General reserves have increased significantly over the prior year and at the year-end were in excess of 100% of the precept level. Sector guidance is	<i>The council should review the level of general reserves during the budget setting process with reference to sector guidance.</i>	Recommendation Outstanding

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	that councils should aim for a general reserve level of between 25% and 100% of the precept or net operating expenditure. The practitioners Guide also notes this recommended level of reserves.		
2021/22 internal audit			
No internal control issues identified. The council has maintained a robust set of books and records for the financial year.			
2020/21 internal audit			
1	<p>The council pay a contribution to service elements delivered by Albrighton Parish Council (APC). The annual charge paid has previously been determined by APC based on an apparent 28% contribution, although there is no formal agreement in apc that specifies this.</p> <p>There is no service level agreement in place that states what level and quality of services the council can expect to receive for this payment. A service level agreement usually defines the levels of service expected from the</p>	<p><i>The council should negotiate a medium term service level agreement with APC which defines the levels of service outputs expected from the service provider in terms of scope, quality and responsibilities. The agreement should also stipulate the exact annual charges payable over the medium term, subject to agreed variations based on percentage contributions.</i></p> <p><i>The service level agreement should be monitored regularly by comparing actual services received to those specified in the agreement to ensure value for money is being delivered.</i></p>	The council now award monies to APC as grants instead of via an SLA-based approach.

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	<p>service provider in terms of scope, quality and responsibilities and is usually output based.</p> <p>As there is no service level agreement in place, there is no formal system whereby the council can control the level and quality of service provided and ensure that value for money is being secured on the expenditure. In addition, as the method of charging is not laid out in a formal medium term agreement, the council has no certainty over charges to be included in the annual budget.</p>		
2	<p>The risk assessment does not address the risks of supplier fraud. The supplier fraud risks can be managed 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 	<p><i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i></p>	Implemented

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	<p>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.</p> <ul style="list-style-type: none"> - 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 with Companies House - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account - adequacy of council insurance cover (NB most standard parish council policies do not cover supplier fraud) 		
3	The Financial Regulations (FRs) refer in section 10.) to a Purchase Order (PO) system. However, no PO system is currently in place.	<i>If the Purchase Order section of the FRs is an accepted requirement by council, then the council should establish a sequential Purchase Order system as required by the</i>	Noted - Council reviewed the FRs during the 2021/22 financial year.

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		<i>Financial Regulations.</i>	