

**INTERNAL AUDIT REPORT
HALTON WITH AUGHTON PARISH COUNCIL
2023/24**

The internal audit 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 issues 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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ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
2023/24 Internal Audit			
1	General reserves are not clearly disclosed in the year end reserves analysis as we are informed that the Village Improvement fund also constitutes general reserves as opposed to earmarked funds. A clear reserves analysis is needed to ensure council are able to monitor the adequacy of general reserves with reference to sector guidance that councils should aim for a general reserve level of between 25% and 100% of the precept or net operating expenditure.	<i>The council must disclose clearly the total level of earmarked and general reserves at the year end.</i>	
2	The contract for £3623 for the Neighbourhood Plan landscape character appraisal was not subject to the standard procurement requirements of the Financial Regulations. We were informed that this was due to the contract being considered a specialist report.	<i>Where contracts are considered specialist and are not subject to standard quotation or tender procedures, the exemption relied on in the Financial Regulations should be stated in the minutes, for example FR 11.1.a.ii</i>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
3	The risk assessment does not address the risks of supplier fraud. The supplier fraud risks can be managed via robust policies and procedures including prevention actions such as: - 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.	<i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
	- 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		
4	Although the council complied with Regulation 15 of the Accounts and Audit Regulations 2015 in terms of publishing the notice for the exercise of public rights for the 2022/23 accounts, the notice published on the website was the incorrect template as the notice specifically states 'not to be published on the website'.	<i>The correct template notice for electors rights should be published on the website which includes the date of announcement.</i>	