

**INTERNAL AUDIT REPORT  
SIDDINGTON 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)
- 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.

**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 NOT in place**, adequate for the purpose intended and effective. 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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	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>FOLLOW UP</b>
<b>2023/24 Internal Audit</b>			
1	Until January 2024 there were no adopted Financial Regulations.	<i>The council must ensure adopted Financial Regulations are in place for the entire financial year.</i>	
2	<p>No accounts were produced and published for the 2022/23 financial year and no internal audit was carried out. Therefore, there were no validated opening balances for the 2023/24 financial year and there are no comparatives that can be included in 2023/24 AGAR accounts</p> <p>The council has had difficulty in sourcing the expenditure vouchers in support of prior year transactions. No voucher was available to support one of our 2023/24 sample.</p>	<p><i>The council must ensure that a cashbook, bank reconciliations and year end accounts are produced and published for every financial year.</i></p> <p><i>All expenditure vouchers should be retained by the council to enable them to be provided for review or audit purposes and to ensure VAT can be reclaimed.</i></p>	
3	No minutes were available prior to the November 2023 minutes.	<i>A complete record of the minutes evidencing the meetings of the council must be maintained and published.</i>	

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4	No evidence to support the annual budget underlying the 2023/24 precept request has been provided. The requirements for budgetary control and precept setting should be set out in adopted Financial Regulations.	<i>Comprehensive budget information must underpin the annual precept request.</i>	
5	The budget set for the 2024/25 financial year does not take into account of 'an amount that the council estimates will be appropriate to meet future estimated expenditure' (ie to hold in reserves). This is a requirement of sections 32 and 43 of the Local Government Finance Act 1992.	<i>The annual budget to support the precept should take account of brought forward and carried forward reserves.</i>	
6	<p>General reserves at the year-end were £11865 which is 339% of the precept level. This is significantly 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> <p>No earmarked reserves are disclosed at the year end.</p>	<i>The council should review the level of general reserves, after setting aside any requirements for earmarked reserves, during the budget setting process with reference to sector guidance.</i>	

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7	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. No public notice was published on the council website.	<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>	
8	Publication Requirements:  Smaller authorities must publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. The current council website does not comply with these publishing requirements.	<i>The council must comply with the publication requirements of relevant legislation including the Accounts and Audit Regulations 2015.</i>	
9	No VAT refund was received in the financial year.	<i>The previous VAT returns must be obtained and VAT fully reconciled so a complete and accurate reclaim can be submitted for all outstanding VAT refunds due. Expenditure vouchers must be sourced for all expenditure with a VAT element to enable the VAT to be reclaimed.</i>	

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10	The certificate of exemption for 2022/23 was completed after the June 30 <sup>th</sup> 2023 deadline, therefore, the council did not meet the exemption deadline requirements.	<i>The certificate of exemption must be completed before June 30<sup>th</sup> of each financial year.</i>	
11	The cashbook records salary payments as Salary and expenses (homeworking allowance).	<i>Homeworking allowances paid that are within the tax free amount should not be included in staff costs in the AGAR accounts.</i>	
12	There is no separate column in the expenditure cashbook for payroll costs.	<i>A separate column in the expenditure cashbook for payroll costs should be maintained to provide a clear audit trail for ' staff costs; between the cashbook and the AGAR accounts.</i>	