

Interim Internal Audit Observations

Visit date: 22- April -2022

^B **This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.**

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Is Clerk CILCA qualified?	<i>The Clerk is not CILCA qualified.</i>	The Council should consider whether the Clerk should be CILCA qualified.	Medium	Whilst there is no requirement for a council to have a CiLCA qualified clerk, this council has recognised the benefit and the Clerk is working to obtain the qualification. It should be noted that one of the admin officers is also working to complete it.
2	Have invoices been approved as required under Council Financial Regulations? (paragraph 5.3 of the NALC Model Financial Regulations)	<i>Invoices have not been approved as required under the Councils Financial Regulation 5.3 which requires that "All invoices for payment shall be examined, verified and certified by the RFO ..."</i>	Council to ensure that invoices are approved in accordance with Financial Regulations.	Medium	Measures are being introduced to ensure that this is done through additional signatures being included on invoices.

^D **The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The Council has reviewed any points raised by the External Auditor as required	<i>From a review of Minutes it was not possible to verify that the Council has reviewed the report of the External Auditor</i>	The Council to ensure that, on an annual basis, it formally records a review of the External Auditors report in the Minutes of the relevant meeting.	Medium	This will be made clearer in subsequent minutes.

^E **Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	If the Council receives income under leases, are the lease agreements current?	<i>It is understood that local sports clubs use recreations grounds on an annual basis. It was not possible to obtain sight of current Licence agreement between the Council and sport clubs.</i>	The Council to provide a copy of the Licence agreements to the auditor.	Medium	This is part of ongoing work and once leases are finalised copies will be made available to the internal auditor.
2	Income received has been appropriately treated for VAT purposes	<i>The Council receives income in respect of the Archie Gooch Pavilion which has been invoiced without VAT. It has been clarified after the audit visit that the pavilion is subject to an Option to Tax and that all income should therefore be subject to VAT at the standard rate.</i>	The Council to review the previous billings made in respect of the Pavilion and calculate that amount of VAT due that has not been correctly billed. The Council should clarify with the sports club whether they are VAT registered and, if so, should raise VAT only invoices. This VAT should be paid over to HMRC through the normal VAT Return process.	High	A VAT only invoice for the amount is being raised and will be sent to the sports club following further clarification from the Internal auditor.

^F **Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.**

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Petty cash value agrees to that stated in Financial Regulations	<i>Financial Regulations confirms petty cash value of £250.00. Actual petty cash value held is £150</i>	The council to review the actual level of Petty Cash in use. If appropriate the Council should consider amending Financial Regulations to correctly reflect the value of Petty Cash actually in use.	Medium	There are times when we hold more than £150 in Petty Cash even though in normal circumstances it is kept to £150. For this reason it is planned to leave the petty cash

^J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Year end creditor balances are reasonable and agree to year end Trial Balance	<i>It was noted that a year end creditor was recorded for Parsons Landscapes for the amount of £14,000 excluding VAT. It is understood that works for which this invoice relates had not been completed as at 31st March 2022</i>	The Council to note that Creditors should only be recorded in respect of goods or services which have been supplied prior to the year end.	Medium	Because the work was completed within the immediate days following the end of year, the level of work involved to change it was considered to be unnecessary. In future it will be dealt with in the advised manner.

^M The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Council Minutes record the dates set for the Exercise of Public Rights	<i>Council Minutes do not record the dates set for the Exercise of Public Rights.</i>	In future the Council to ensure that the date set for the Period of Exercise of Public Rights is recorded in Council Minutes.	High	This will be made clearer in subsequent minutes.