

**INTERNAL AUDIT REPORT
WOOLSTON PARISH COUNCIL
2019/2020**

The internal audit of Woolston Parish Council was carried out by undertaking the following tests as specified on the 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 interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for larger councils.

Conclusion

On the basis of the internal audit work carried out, 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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	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>Section 10 of the Financial regulations refers to a Purchase Order system:</p> <p><i>'An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.</i></p> <p>This does not reflect the current practice where a purchase order system is not in place.</p>	<p><i>The Council should ensure that orders for works, goods and services are made as per the financial regulations of the Council.</i></p>	
2019/20 interim audit recommendations			
1	<p>Section 11 of the financial regulations relating to contracts refers to the financial regulations not applying to specialist services such as are provided by Solicitors, Accountants, Surveyors and Planning Consultants.</p> <p>The model financial regulations have now been updated to state that financial regulations don't apply <i>'..for specialist</i></p>	<p><i>The Council should amend the financial regulations to reflect the new definition of specialist services stated in the NALC model financial regulations.</i></p>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<i>services such as are provided by legal professionals acting in disputes’.</i>		
Follow up of 2018/19 audit recommendations			
1	<p>Interest of £25.94 received from Warrington Borough Council for the temporary investments held by the charity had been incorrectly classed as interest for the town council investment in the cash book.</p> <p>A payment to HMRC of £268.60 had been incorrectly classed as ‘general’ rather than ‘staff costs’ in the cash book. As a result the draft balance for staff costs was incorrect.</p>	<p><i>The draft accounts should be amended to show the following:</i></p> <p><i>Total other receipts £3,454</i> <i>Staff costs £5,373</i> <i>All other payments £24,437</i></p>	<i>Implemented</i>
2018/19 interim audit recommendations			
1	The asset register includes assets with an incorrect valuation of the purchase cost including VAT. Assets should be added to the register net of VAT.	<i>The valuation entered in the asset register should be amended.</i>	<i>Implemented</i>

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	<p>The valuations for the following assets are incorrect:</p> <ul style="list-style-type: none"> - Bus Shelter £2455 (should be £2046) - HP Notebook 15 £614 (should be £512) - Toshiba 1TB HDD £159 (should be £132) - Timber fencing £645 (should be £538) - Height barrier £3138 (should be £2615) 		
Follow up of 2017/18 audit recommendations			
1	<p>Two assets added to the asset register in 2017/18 had been added at an incorrect valuation.</p> <p>The following assets had been added at purchase cost including VAT when they should be valued at the following purchase cost net of VAT:</p> <ul style="list-style-type: none"> - Timber fencing £538 - Height barrier £2615 	<p><i>VAT should not be included in the asset valuation where it can be reclaimed. The asset register should be amended and the value entered on the annual return should reflect the amended balance of £37,472.</i></p>	<i>Implemented</i>
	Guidance note 2018	<i>The impact of GDPR on the council</i>	<i>Noted</i>

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	<p>Data Protection Law changed significantly on May 25th 2018 due to the 2016 EU Directive General Data Protection Regulation (GDPR) taking effect.</p> <p>GDPR replaces the 1998 Data Protection Act and it imposes new obligations on Data Controllers and Data Processors and provides enhanced rights for individuals. Compliance with GDPR could have resource implications for local councils.</p>	<p><i>should be identified through review of ICO and NALC guidance and the Data Protection policy, risk assessment and internal controls should be updated accordingly</i></p>	
Follow up of 2016/17 audit recommendations			
1	<p>The balance of fixed assets has increased by a total of £461. The Council purchased a bus shelter in the year at a cost of £2046. This appears in the asset register at a cost of £2500.</p>	<p><i>Assets should be entered in the asset register at purchase cost.</i></p> <p><i>The register should note the value of assets disposed of in year so that it is possible to reconcile the movement in the year to the asset register (alternatively this information could be contained in an accompanying statement).</i></p>	Implemented

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2	We have not seen evidence that the clerk has a contract of employment with the Council.	<i>The Council should ensure the clerk has a contract of employment.</i>	The contract is currently under review.