

**INTERNAL AUDIT REPORT  
DISLEY PARISH COUNCIL  
2018/19**

The internal audit of Disley Parish Council was carried out by undertaking the following tests as specified in 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

**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.

.....*JDH Business Services Ltd*.....

**JDH Business Services Limited**

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**ACTION PLAN**

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>A detailed review of staff costs found that it includes expenditure that should not be classed as staff costs:</p> <ul style="list-style-type: none"> <li>- travel expenses</li> <li>- training costs</li> <li>- workwear</li> <li>- payroll administration fees</li> </ul> <p>These costs totalled £2396 and should be included within 'all other payments'.</p>	<p>The annual return should be amended as follows:</p> <p>Staff costs £90,797 All other payments £145,615</p>	<p>2018/19 AGAR Accounting Statement amended to Staff costs of £90,797 and All other payments of £145,615. Budget headings for Travel Expenses, Training Costs, Workwear and Payroll Administration amended to be treated as "All other payments" from 01/04/19.</p>
2	<p>A review of income found that a debtor of £918.15 has not been included within the accounts for the quarter 4 recharge for Disley Library.</p>	<p>The accounts should be adjusted to include the £918 debtor. This will result in the following adjustments:</p> <p>Total other receipts £43,392 Balances carried forward £191,374</p>	<p>Issue discussed with John Henry at SDH internal auditors. Agreed that no action required as adjustment would result in 5 quarters appearing in 2018/19.</p>
3	<p>Fixed assets includes the following asset gross of VAT: 'Ford Transit Custom – CV17 SVZ' valued at £16,440 rather than the net value of £13,700.</p>	<p>The fixed asset register should be amended to included the asset at the correct valuation.</p>	<p>Fixed Asset Register has been amended to include Ford Transit - CV17 SVZ at its net valuation of £13,700. Relevant page of Asset Register attached.</p>
4	<p>The Council approved the 2018/19 risk assessment in the March 2018 minutes. The 2019/20 risk assessment which was carried out in March 2019 was not approved by Council until April 2019.</p>	<p>The Council should ensure that the risk assessment is carried out and approved by Council annually.</p>	<p>Annual Council risk assessment will be brought forward from 2019/20 to ensure that it is carried out and approved within the same auditing period.</p>

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	As a result a risk assessment has not been formally approved by Council in the 2018/19 financial year.		
<p><b>IMPORTANT GUIDANCE NOTE</b> <b>INTERNAL AUDIT CERTIFICATE in the AGAR</b></p> <p>There is a new internal control objective (Objective L) in the 2018/19 internal audit certificate that requires internal audit to conclude on whether the Public Rights Notice during the <b>previous Summer</b> was compliant with the Regulations. This is pre-filled for 2018/19 but in order to test this and conclude YES or NO for the 2019/20 internal audit we would need to receive with the 2019/20 books and records:</p> <ul style="list-style-type: none"><li>- A copy of the completed 2018/19 Notice of Public Rights and Publication of the Unaudited Annual Governance and Accountability Review</li><li>- A dated photograph showing the first day of the Notice of Public Rights on the noticeboard and/or a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2018/19</li></ul> <p>Our approach to this new requirement will be to conclude NO if we have not received the above evidence and explain on the AGAR that we received insufficient evidence to be able to conclude YES; we would also conclude NO if the dates advertised were not compliant with the Regulations.</p> <p>This will be a new ongoing requirement for internal audit, as well as verifying whether certain smaller councils meet the exemption criteria from an external audit. Therefore, for the 2019/20 internal audits there will be additional time charged at a fixed fee of £9 + VAT per local council to complete the new requirements.</p>			