

MOLLINGTON PARISH COUNCIL

INTERNAL AUDIT REPORT – FINANCIAL YEAR 2023-24

The Internal Audit has been undertaken with reference to page 4 of the Annual Governance and Accountability Return 2023/24, and Section 4 of the Governance and Accountability for Smaller Authorities in England Practitioners Guide. The opinion formed during the Internal Audit is based on the evidence provided in the form of documents, accounts and receipts etc., in addition to consultation with the Clerk.

Area Covered	Observations	Recommendations
A. Appropriate accounting records	Accounting records are kept on a spreadsheet. Expenditure is referenced to minutes. Supporting documents are kept digitally.	
B. Financial regulations, payment controls and VAT	Payments are itemised in the minutes and authorisation (some retrospective) confirmed. Cashbook payments are referenced to the minutes. There was no evidence of a VAT claim receipt during the year for 22-23. and used as a basis for refund claims.	Check VAT has been reclaimed in the past on a timely basis, and do any appropriate retrospective claims.
C. Risk management	A fairly comprehensive risk assessment has been prepared. The majority of risks were considered low, with adequate procedures in place. A regular review of procedures is needed to ensure these are sufficient. It was noted that current bank statements are addressed to the previous clerk, who was last paid for services in September 23. A comprehensive insurance policy is in place and includes public liability insurance of £2m, and £10m employer liability insurance. Public liability insurance is lower than most councils of a similar size.	This should be reviewed on an annual basis, both re completeness and effective implementation of recommended controls. The bank mandate and contact details should be checked and updated as necessary.

D. Budgetary process	<p>Actual spend was periodically compared to budget. The size of variances at the year-end suggests poor budgeting in the previous year. The minutes suggest improvements to the budgeting process are in progress.</p> <p>Discussions noted to ring-fence funds from the sale of Eden House when discussing available funds.</p> <p>The 24-25 precept was discussed and approved.</p>	
E. Income controls	Changes to the precept for the coming year were discussed and approved in the minutes.	
F. Petty cash	There were no petty cash transactions.	
G. Payroll controls	<p>There have clearly been issues with none filing and payment of PAYE in previous years, which were identified in the previous audit. This is still being investigated by Barnes Cooper.</p> <p>Payroll is now processed by Barnes Cooper Accountants to ensure accurate calculation of net pay and tax and RTI filing with HMRC.</p> <p>It was noted that instructions of how much to pay HMRC were not always via Payroll system or HMRC system generated documents, which could lead to confusion and errors.</p>	<p>Barnes Cooper to keep the Council informed on developments re the appeal against penalties, and any debts still outstanding.</p> <p>Going forward, the Council should receive appropriate monthly payroll reports to identify necessary payments on a timely basis and to avoid future errors.</p>
H. Asset controls	A review of the 23/24 asset register was minuted. There was no evidence of a physical inspection, which is recommended and risk assessment.	Asset inspections should be evidenced on the register.
I. Bank reconciliation	Bank reconciliations are done on a regular basis, presented at meetings and approved in the minutes. The cashbook reconciled to bank statements at the year-end.	

J. Accounting statements	The accounting statement has been prepared correctly.	
K. Exemption from assurance review	The criteria were met and the correct declaration made and published on the website.	
L. Website	Publication requirements per the AGAR have been fulfilled, with the exception of Note M.	
M. Exercise of public rights	The 2022/23 Notice of Public Rights could not be found on the website.	Provide evidence of publication on a timely basis for 22-23 if possible. Comply with regulations going forward.
N. AGAR publication	The 2022/23 AGAR publication requirements were fulfilled at the time of audit, with the exception of Note M.	