

**INTERNAL AUDIT REPORT
GREAT SANKEY PARISH COUNCIL
2023/2024**

The internal audit of Great Sankey 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

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 Limited

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ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>There is no current adopted Investment Strategy and Treasury Management strategy.</p> <p>Guidance on Local Government Investments is issued under section 15(1)(a) of the Local Government Act 2003. The guidance applies to all local authorities in England and applies to Town & Parish Councils providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year.</p>	<p><i>The council should consider establishing an Investment Strategy and Treasury Management strategy with reference to the requirements of the Local Government Act 2003.</i></p>	<p>Policy drafted & approved April 2025 (Parish/2025/35).</p>
2	<p>Included within reconciling items in the bank reconciliation is a payment of £1977. This is a final payment for a contract which hasn't been paid because the work is not completed.</p> <p>This should not appear in the bank reconciliation as a reconciling item. This amount should appear in the accounts as a creditor.</p> <p>The Council were unable to provide statements verifying the balances at the year-end on individual Equals Cards due to staff absences at the year -end and difficulties obtaining historic information.</p>	<p><i>The bank reconciliation should be amended to remove this reconciling item. This would amend the the total cash & investments on the annual return to 395,338.</i></p> <p><i>The balance sheet should be amended so that this item is a creditor and not a reconciling item in the cash book.</i></p> <p><i>Year-end balances should be requested from Equals.</i></p>	<p>Bank reconciliation and balance sheets amended.</p> <p>AGAR also amended as requested by external auditor prior to this years AGAR</p> <p>Equals Money website has been improved. Balances can now be obtained for any date.</p>

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3	<p>Testing of a sample of payments identified:</p> <ul style="list-style-type: none"> A receipt was not available for a £230 skip hire payment made with the Equals card. We also could not locate approval for this payment in the minutes (although top up of the Equals card was approved). 	<p><i>Receipts should be obtained for all transactions using the Equals card. Payments should be reported to Council.</i></p>	<p>Comment noted. Skip hire companies are asked to provide receipt – not always actioned.</p>
4	<p>We could not locate on the Council website the following information required by The Transparency code for larger councils:</p> <ul style="list-style-type: none"> Details of contracts over £5000 Information about land and building assets 	<p><i>The Council must ensure that the council website meets the requirements of The Local Government Transparency Code. 2015</i></p>	<p>Website amended to include these.</p>
Follow up of 2022/23 internal audit recommendations			
1	<p>The Council has not carried out an annual risk assessment in 2022/23.</p>	<p><i>The Council must carry out a risk assessment annually and formally approve it within the minutes.</i></p>	<p>Implemented</p>
Follow up of 2021/22 internal audit recommendations			
1	<p>The Council awarded a contract for a kitchen refurbishment, windows replacement and the refurbishment of Bewsey Barn to trusted suppliers without obtaining any alternative quotes.</p>	<p><i>Contracts should be awarded as per the financial regulations of the Council.</i></p>	<p>Implemented</p>

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	The financial regulations require that the Clerk shall obtain 3 formal written quotations for the Council/Finance Committee to consider.		
2	The Clerk presents a list of payments made by prepaid debit card to the finance committee for agreement at each meeting. This is initialed to demonstrate it has been checked. For payments made in December 2021, the list of payments had not been initialed.	<i>The list of debit card payments should be initialed when presented to the finance committee.</i>	Implemented
3	A confirmation of balance has not been received from Warrington Borough Council for the Temporary Investments of £100,000.00 held with them	<i>The Council must ensure that a confirmation of balance at the year-end is obtained from Warrington Borough Council.</i>	Implemented
4	The risk assessment does not address the risks of supplier (procurement) fraud.	<i>The risk assessment should be updated to include supplier (procurement) fraud including the adequacy of supplier onboarding controls.</i>	<p>The risk assessment now list supplier fraud as a risk but the controls stated don't fully address the risks.</p> <p>The supplier fraud risks can be managed via appropriately robust policies and procedures. Examples of prevention actions include:</p> <ul style="list-style-type: none"> - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account

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			<p>information.</p> <ul style="list-style-type: none">- establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change- periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments.- checking address and financial health details with Companies House- checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account
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