



# Birchwood Town Council

Internal Audit 2023/24

JDH BUSINESS SERVICES LTD

*Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales*

The internal audit of Birchwood Town Council was carried out by undertaking the following tests as specified in the AGAR 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)
- Review of year end financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.

The interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for local councils.

### **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**

ISSUE	RECOMMENDATION	FOLLOW UP
<b>2023/24 year end internal audit</b>		
<p>1 The draft accounts presented for internal audit were incorrect as follows:</p> <ul style="list-style-type: none"> <li>- The 'balances carried forward' and 'other payments' in the AGAR were incorrect as the balances per the bank reconciliation had been inserted in box 7. and payments instead of expenditure in box 6.</li> <li>- The supporting analysis to expenditure was incorrect as the total included payments, rather than expenditure as adjusted via the extended trial balance.</li> </ul>	<p><i>The year end accounts preparation should be subject to a review before finalising the AGAR figures to ensure the audit trail is accurate from the receipts and payments accounts through to the extended trial balance, the balance sheet and the income and expenditure accounts.</i></p> <p><b>NB The draft account were amended to include the corrected figures in the final AGAR accounts.</b></p>	
<b>2023/24 interim internal audit</b>		
<p>1 We could not identify the following information published on the council website as prescribed in the Transparency Code:</p> <p><i>PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order.</i></p>	<p><i>The council should ensure the website is maintained up to date and that it complies fully with the publication requirements of the Local Authority Transparency Code 2015.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p><i>framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:</i></p> <ul style="list-style-type: none"> <li>- <i>reference number</i></li> <li>- <i>title of agreement</i></li> <li>- <i>LA department responsible</i></li> <li>- <i>description of the goods and/or services being provided</i></li> <li>- <i>supplier name and details</i></li> <li>- <i>sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</i></li> <li>- <i>Value Added Tax that cannot be recovered</i></li> <li>- <i>start, end and review dates</i></li> <li>- <i>whether or not the contract was the result of an invitation to quote or a published invitation to tender, and whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number</i></li> </ul>		
2	<p>The council purchased a tipper truck which was just below the tendering threshold but above the requirements for three quotations in the Financial Regulations. However, the procurement</p>	<p><i>Minutes should record exemption(s) relied upon in the Financial Regulations where standard required procurement procedures have not been applied. If no exemptions are relied upon then the</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>was not underpinned by three quotations as required by the Financial Regulations where no exemption has been applied and the minutes do not reference which exemption(s) in the Financial Regulations have been applied.</p>	<p><i>standard contracting requirements of the Financial Regulations should be applied.</i></p>	
3	<p>We note there was no formal adopted budget timetable in place evidencing the key milestones leading to the agreement of the 2023/24 precept request for the year and approval of the annual budget.</p>	<p><i>A comprehensive formal budget timetable should be established annually covering the main elements of the Council's budget setting process together with key dates and responsibilities.</i></p> <p><b><i>NB The council is already addressing this issue with the adoption of a formal timetable for the 2024/25 precept and budget setting process.</i></b></p>	
<p><b>2022/23 year end internal audit</b></p>			
<p><b>No further issues arising – a robust set of year end records have been maintained with a comprehensive audit trail to supporting information.</b></p>			
<p><b>2022/23 interim internal audit</b></p>			