

Internal Audit report to the Members of Pegswood Parish Council for the year ended 31 March 2024

Ladies and Gentlemen

I have completed my audit work for the year, and I have completed and signed the Annual Internal Audit Report section in the Annual Governance and Accountability Return (AGAR). As required by this document I have the following explanations for the items marked "Not covered" in the report:

1. Item K: the council had a limited assurance review of its 2022/23 AGAR

A detailed report of the work carried out at the audit, the extent of my testing and the results, are set out in the attached document.

I would like to thank the Clerk and Finance Officer for their help and assistance during the audit process.

Yours faithfully

A Siney

Internal Auditor

April 2024

Audit work completed in the year for Pegswood Parish Council

Dates of visits: 6 & 23 April 2024 & 20hrs home working (11 – 28 February 2024)

Ref	Control Objective tested	Work undertaken	Result
A	Appropriate Financial records have been properly kept	Accountancy systems and financial records noted and documented	Appropriate records are kept. To note the Parish Council are moving to a new finance system from April 2024
B	Financial Regulations have been complied with and payments were supported by invoices, all expenditure was approved and VAT was accounted for	A sample of 127 transactions, representative of 67% of total transactions by number and 92% by value were examined in detail. Prices and arithmetic, VAT paid, certification, allocation and compliance to Financial Regulations were all checked and payment from the Bank Account was vouched	Satisfactory. The level of Councillor checks is good - however, the frequency of these checks has been disrupted in the last quarter due to sickness & change of Clerk
C	Significant risks have been assessed and reviewed and there are adequate arrangements in place to manage these	<p>The Risk Management Plan was reviewed and tested where possible. Insured values for assets were tested to the Assets Register. The insurance policy was reviewed, and the level of cover is adequate</p> <p>The departure of the long-term Clerk and the staff turnover within the year presents a risk that could have a high impact on the running and administration of the Council – whilst there is an entry within the Risk Register this needs to be reviewed as the score does not equate to the matrix</p>	Satisfactory and overall the risk management is sound – however the disaster recovery scores should be reviewed in light of the high staff turnover in year

Ref	Control Objective tested	Work undertaken	Result
D	An adequate budget process is in place and the budget is monitored on a regular basis	The budget process and the frequency of budget monitoring and reporting was examined. The reporting of budget variances was noted	Budget monitoring and an internal control check is reported to each Council meeting which is satisfactory
E	The income expected has been collected and is in accordance with the charges set by the Council. VAT on income has been properly accounted for	All income banked was checked to ensure that it was correct per agreed charges and properly posted.	Satisfactory
F	Petty cash payments were properly supported, approved and accounted for including VAT where applicable	A sample of Petty Cash reimbursements were examined to ensure they were approved and appropriate and that VAT was being accounted for. This account also receives income from miscellaneous sources which is minor and is not Vatable	Satisfactory
G	Salaries and expenses to employees and allowances to members were in accordance with approved rates and PAYE and NI requirements were properly applied	A sample of 10 months payrolls were tested to see compliance to the authorised establishment and that PAYE and NI were accounted for. Pensions contributions were also checked	Satisfactory
H	Asset and investments registers were complete, accurate and properly maintained	Asset purchases in the sample at B above were traced into the asset register and accounted for	Satisfactory
I	Periodic and year end bank account reconciliations were carried out	The frequency and reporting of bank reconciliations was checked, and the final bank reconciliations were vouched to the cash book and the bank accounts	Satisfactory – though some disruption noted as referenced in B above

Ref	Control Objective tested	Work undertaken	Result
J	Accounting statements were prepared on the correct accounting basis and agreed to the cash book. An adequate audit trail exists, and debtors and creditors were properly accrued	The Income and Expenditure Account and Balance sheet were examined and reconciled to the cash book. Testing of samples in B above proved the adequacy of the audit trail. The AGAR was vouched from the accounts produced	Accounting Statements were on the correct basis and agreed to the cash book

Other Work

Review of the Council and its organisation, reading of, and extraction from minutes and agendas via the website. Seeking out information for items K to N of the AGAR

A Siney

Internal Auditor

April 2024