

INTERNAL AUDIT REPORT
QUEENSFERRY COMMUNITY COUNCIL
2022/2023

The internal audit is carried out by the following testing of the internal controls specified on the Annual Return for local councils in Wales:

- 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
- Where the Council is sole trustee of a charity, checking that the Council has procedures in place to meet its responsibilities as a sole trustee

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 issues 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 23/05/2023

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ACTION PLAN

| | ISSUE | RECOMMENDATION | FOLLOW UP |
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| 1 | <p>The balance brought forward for 2022/23 on the annual return is incorrect. It is stated as £46,289 when it should be the balance carried forward from 2021/22 of £46,300.</p> <p>Total other payments and the cash book don't record £10.60 of bank charges from April 2022.</p> <p>The bank reconciliation using the correct balance brought forward and the updated payments is out of balance by 2p.</p> <p>The Practitioners Guide (section 15.7) states that the bank reconciliation should always be balanced to the penny.</p> | <p><i>The bank reconciliation should be amended to show the correct balance brought forward of £46,300.12 and total payments of £44,733.02.</i></p> <p><i>The annual return should be amended as follows:</i> Balance b/f (box 1) £46,300 Total other payments (box 6) £33,939</p> <p><i>The bank reconciliation should be balanced to the penny.</i></p> | |
| 2 | <p>The clerk was reimbursed expenses in October 2022 of £284. A review of this claim identified the following:</p> <ul style="list-style-type: none"> • There was no approved claim form to support this amount and the receipts provided for audit totalled £310.75. • A handwritten analysis was | <p><i>An expenses claim should document details for any reimbursement and be supported by valid receipts. The claim should be checked by Council when authorised for payment.</i></p> | |

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| | <p>provided but did not add up correctly. There was no evidence that this had been checked by Council.</p> <ul style="list-style-type: none"> • There was no calculation of how the VAT in the cashbook of £31.21 had been calculated. • Two of the supporting receipts were delivery notes and not VAT receipts, they also did not state the amount of the payment (Office Specialities Ltd and Printerinks) | | |
| 3 | <p>The annual return states total section 137 expenditure as £2890. A sheet included in the cash book states that the following items have been classed as section 137:</p> <p>Armistice wreaths Administration/Audiits/ election re-charge Subscriptions Training Sundry items Councillor Allowance Post print stationery</p> <p>This is incorrect as most of these classes of expenditure are made under different powers.</p> | <p><i>The Council need to understand the powers used to make payments and when payments are made under section 137 of the Local Government Act 1972.</i></p> | |

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| | Where the council has an unrestricted specific statutory power to spend money, section 137 cannot be used. | | |
| 4 | The asset register provided for internal audit did not list the valuations of the assets. The movement on fixed assets agreed to the purchase of assets during 2022/23. | <i>Please provide full asset register listing the valuation of each asset for future audits.</i> | |
| Follow up of 2021/2022 internal audit recommendations | | | |
| 1 | The accounting statements on the annual return state an incorrect balance of £30,066 for year ending 31 st March 2021 box 6. | <i>Please ensure the correct balance of £33,066 is entered on the annual return.</i> | Implemented |
| 2 | The annual return shows an incorrect balance for total other payments of £31,900 which does not agree to the cash book and as a result the annual return does not add up correctly. | <i>The annual return should be amended as follows: Total other payments = 31,920</i> | Implemented |
| 3 | A review of budgetary control found: - Whilst a report of receipts and payments for the first six months is made to Council, a report against budget is not made with | <i>Regular reports of actual expenditure against budgets should be made to Council.</i> | Implemented Implemented |

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| | <p>explanations for over and underspends.</p> <ul style="list-style-type: none">- The general reserve as at 31/3/22 of £41,300 is in excess of 12 months precept. | <p><i>The Council should review the level of their reserves and should quantify the reserves being retained for specific schemes.</i></p> | |
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