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INTERNAL AUDIT CERTIFICATE AND REPORT Diddlebury Parish Council

I congratulate the Clerk for the meticulous financial records kept,, ensuring an adequate audit trail, in what must have been a difficult year, given the additional transactions.

I certify that I have completed the Internal Audit for the year ended 31st March 2023 according to the books and records presented to me and in accordance with the Audit Commission requirements.

My audit included comprehensive examination of the Council's records, undertaking all tests as prescribed in the Annual Governance and Accountability Return 2022/23 Form 3, sufficient to give reasonable assurance that the Council's affairs are properly conducted and are free from material mis-statement.

I note the Chairman's statement regarding Breaches of procedure relating to the resurfacing work carried out at Diddlebury Village Hall and the school car park and playground.

The work undertaken, as directed in the Internal Audit report which forms part of the Annual Governance and Accountability Return, included the following:-

Appropriate accounting records have been properly kept throughout the year?

The manual cash book was carefully checked, all payments for the period 1.4.22 to 31.3.23 were properly recorded and found to be accurate as recorded on the AGAR. The opening balance was correct as reported as a closing balance on the previous year's AGAR and the closing balance agreed with the total carried forward in April 2022 plus the income received during 2022/23 less expenditure incurred during 2022/23 and the bank reconciliation at the year end.

This Authority complied with its financial regulations, payments were supported by invoices/vouchers and all expenditure was approved and VAT was appropriately accounted for

It was noted by the Internal Auditor last year that the Clerk had raised concerns about the VAT claim for 2021/22. However, this was resolved and the VAT paid and accounted for in the 2022/23 accounts.

A sample of payments were tested and they provide a full audit trail to invoices, payments and Council Minutes giving approval for payment. Cheque

stubs showing payments were also countersigned by the authorised signatories. VAT was properly recorded.

It is noted, as per the Minutes dated 26th April, that VAT paid on invoices relating to the resurfacing of the car park was not recovered, due to only a small portion of the area resurfaced being in the ownership of the Parish Council. The VAT on these invoices paid by the Parish Council totals £6,620 (vouchers 34 & 35).

It is noted that advice was sought through SALC and the Parish Council were advised not to recover any VAT on these invoices. The invoices are made out to the Parish Council and paid by the Parish Council, I would suggest taking further advice from HMRC to ensure the previous advice given was correct and the £6,260 VAT paid cannot be recovered.

There is a note on file that the Clerk was having difficulty completing the VAT claim on line on 29th March 2023, amounting to £713.80 for VAT paid during the period 1st April - 31st March 2023. I trust that this has now been submitted successfully and £713.80 will be added to the income received during 2023/24.

Council assessed the significant risks to achieving its objective and reviewed the adequacy of arrangements to manage these?

There is evidence that the Policy adopted by the Council was reviewed and agreed. This was reviewed and adopted and Minuted on 22nd March 2023.

The precept of rates requirement resulted from an adequate budgetary process, progress against the budget is regularly monitored and reserves are appropriate?

The Clerk reports bank balances at Council Meetings and this is recorded in the Minutes. The Clerk produced a list of actual expenditure against each heading in the 2021/22 accounts as guidance for the 2022/23 precept. Therefore, the precept set for 2023/24 resulted in a thorough examination of the year end position for 2022/23 and the Council's needs for 2023/24.

It is noted and brought to the attention of the Parish Council that in 2022/23 the Authority received both income and had expenditure exceeding £25,000 and therefore needs to complete AGAR Form 3, which has been done. As income during 2022/23 falls into the £50,000 - £100,000 bracket (being £8,655 Precept plus £46,271 other income) the fee for a Limited Assurance Review by the External Auditor is £310. Nothing appears to have been built into the precept with the exception of the internal audit fee. The internal audit fee for 2021/22 shows a precept of £135 and this was increased to £140 in the 2022/23 precept figure. However, this does not reflect a more complicated audit of the 2022/23 accounts. I have kept the account to a minimum. However, for the time spent completing the audit the charge will be £250 for this year.

The Internal Auditor for the 2021/22 Accounts did suggest that as bank charges are being applied to the HSBC Account an alternative bank account

should be sought. This does not appear to have been carried out. There are accounts available at other banks who do not apply bank charges. The bank charges applied for 2022/23 amounted to £82. I would therefore suggest that an alternative account is sought.

Two banks with which I have personal experience and do not charge fees are as follows:-

TSB – Club, Charity and Trust Accounts
Barclays Community Account

Expected Income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for. A Neighbourhood Fund grant of £17,896, CIL £11,713, VAT refund of £511 and £15,900 received towards the resurfacing of the car park plus a £250 contra payment were all received and properly recorded during 2022/23.

The policy on holding adequate reserves was adopted on 22nd February 2017 and reviewed in March 2023.

Salaries to employees and allowances to members were paid in accordance with the Authority's approvals and PAYE and NI requirements were properly applied?

All salary and PAYE contributions are calculated by an external payroll provider. Salary slips were checked and found to be accurate. Tax and NHI has been properly deducted. All payments have been approved by the Council and tax due paid to HMRC.

Asset and investment registers were complete and accurate and properly maintained?

The Asset Register for 2022/23 was found to be accurate and the sum of £23,029. An additional £4,471 had been added to the value of the asset register at the end of 2021/22. This reflects the gift of a defibrillator valued at £1,200 and the purchase of the SID unit at a purchase price of £3,271 (net) No other assets were purchased during 2022/23.

The Council does not hold any investments and an Investment Register is not required.

Periodic Bank account reconciliations were properly carried out during the year?

There is evidence in the Minutes that bank reconciliations are carried out and presented to the Council at each meeting. There is evidence that the bank reconciliation are signed by a Councillor.

I also carried out a sample of bank reconciliation's at random throughout the year and a year end bank reconciliation and were all found to be correct.

Accounting Statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure) agreed to the cash book, supported by adequate audit trail

from underlying records and where appropriate debtors and creditors were properly recorded?

The AGAR for the year 2022/23 has been accurately prepared on a receipts and payment basis and agrees with all payments and receipts and the year end bank reconciliation.

If the authority certified itself exempt from a limited assurance review in 2021/22 , it met the exemption criteria and correctly declared itself exempt.

Evidence is provided as per the Council's Minutes, a hard copy is held on file and copy of of the confirmation from PKF Littlejohn LLP is displayed on the Parish Council web site.

The authority published and required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation?

The Council's web site contains all the information to meet the transparency requirements.

In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations. (evidenced by a notice on the web site)?

The Notice for the Exercise of Electors Rights was published on the Council web site (Notice period shown is 13th June - 22nd July 2022) dated 1st June and complies with the correct amount of days required.

In the year covered by this AGAR, The authority has complied with the publication requirement for the 2021/22 AGAR

I checked the Councils web site on 14th May 2023 and the 2021/22 AGAR and all year end paperwork, as required, was found on the Council's web site.

Jennie Griffiths
16th May 2023