

**INTERNAL AUDIT REPORT  
PICKMERE PARISH COUNCIL  
2022/23**

The internal audit 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)
- 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.

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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	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>The risk assessment does not address the risks of supplier fraud.</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"> <li>- training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information.</li> <li>- 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</li> <li>- periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information</li> </ul>	<p><i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i></p>	

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	<p>being used to secure fraudulent payments.</p> <ul style="list-style-type: none"> <li>- checking address and financial health details with Companies House</li> <li>- checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account</li> </ul>		
2	Invoices are not issued for all hires at the hall and for one of our sample a booking form had not been completed.	<i>Although the level of hire income is low, the council should endeavour to issue sequentially numbered sales invoices for all hires based on the details on the booking form as a control over the completeness and accuracy of income.</i>	
3	A contract quotations folder is not currently maintained to evidence contract procurement.	<i>The council needs to retain a clear audit trail for all procurement to evidence for each contract how quotations were sought, which providers were approached for a quotation, and a summary of the response and actual quotations.</i>	
4	We are informed there is only one actual council signatory for authorisation of	<i>The council need to ensure when the new council membership is in place In May</i>	

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	online payments with the clerk being the other signatory.	<i>2023 that a group of at least 4 councillors as signatories is established, with 2 councillors required to authorise online payments in Unity Bank.</i>	