

Internal Audit Report 2019-20

Carhampton Parish Council

Introduction

Hillside Business Services has completed an Internal Audit, in order to verify the Annual Governance and Accountability Return (AGAR) for Carhampton Parish Council, for the financial year ending 31st March 2020.

This work has been undertaken by reviewing records and other documentation provided by the Parish Council, including; accounting records, bank statements, policies, minutes, invoices, receipts.

Findings identified during Internal Audit testing have been listed in the table below, along with recommendations on how improvement can be made.

Conclusion

I can confirm that, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of Carhampton Parish Council. The table of findings and recommendations below highlights two areas of non compliance in respect of sections B & E on the Annual Internal Audit Report in the AGAR.

In relation to section B, all elements were sound except for VAT was not being identified and split out in the accounts.

For section E, I cannot confirm that all expected income was received as income was not included within the budget. There is also no evidence of invoices being raised, or expected amounts being documented within contracts/agreements.

Although both issues need to be acted on, neither have had any material impact upon the accounts for 2019/20 and there is no evidence of any irregularity.

Findings & Recommendations:

Finding	Risk Level	Recommendation for Improvement
Although the Financial Regulations and Standing Orders were updated in August 2019 using the latest national guidance as a proforma, the delegated authority level is very low, set at £50. The national guidance allows delegated authority up to £500. Although, this may be sufficient for the parish council at most times, the recent unprecedented situation has highlighted that we cannot always maintain 'business as usual'.	Medium	The parish council should review the delegated authority level. It could also consider an annual list of known/expected payments for the year, which can then be authorised at the start of the year. Known regular payments, such as salary, can also be paid via standing order.
Some invoices are not sufficiently detailed and for example do not clearly and fully include the Parish Council name & address, and/or the date.	Medium	The Parish Council should be going back to suppliers/contractors to ask for appropriate and legitimate invoices the meet HMRC requirements.
There is no evidence that the invoices have been checked for accuracy prior to payment.	Low	Invoices should be checked prior to payment by the Clerk. This should be evidenced on the invoices.
Accounting records kept do not show the split of VAT.	Medium	Accounting records should show the breakdown of VAT. In order to keep the records complete and accurate, the parish council should ensure that it obtains valid VAT receipts & invoices where possible, and this should be clearly shown in the accounting records. VAT can be reclaimed by parish councils.
The budget does not show any income, or brought forward amounts.	Medium	The annual budget should show both the expenditure, expected income and brought forward amounts.
The parish council are not keeping a full record / trail of income due.	Medium	The parish council should be insuring that full records are maintained for income due to the parish council. This includes raising invoices for the income due from the Carhampton Allotment Society.
As above	Medium	The agreement with the Carhampton Allotment Society should state the amount due annually and payment dates.

The clerk is being paid his salary gross and then paying HMRC himself for PAYE. Although evidence was provided that this has been completed, the payments should be made directly from the parish council and the Clerk paid nett salary only. In addition to this, there is no evidence of oversight / review by the parish council to confirm that the clerk has been paying the PAYE accurately and timely to HMRC.	High	The PAYE element of salary should be paid by the parish council. This should be deducted at source and the Clerk paid the net amount after it has been deducted.
The Asset Register, although on the whole appears to be complete and well detailed, is lacking values for some of the items.	Low	It is suggested that for those items for which the value is not known, replacement values are researched and added to the Asset Register.

Signature: *T Weeks*

Date: *7th May 2020*