

Internal Auditor's Findings and Recommendations

Finding	Risk Level	Recommendation for improvement	Action taken or proposed
The Parish Council are not keeping a full record / trail of income due.	Medium	income due to the parish council. This includes raising invoices for the income due from the Carhampton Allotment Society. <i>Raised previously in the 2019/20 Internal Audit Report.</i>	The Secretary to the Allotment Association has been sent a copy of the Auditor's report and advised that invoices will be issued every six months. I will need to take advice from SLCC in respect of the Parish Council's ability (or otherwise) to recharge the VAT that is levied by MHPF(UK) Ltd
As above	Medium	The agreement with the Carhampton Allotment Society should state the amount due annually and payment dates. <i>Raised previously in the 2019/20 Internal Audit Report.</i>	The Secretary to the Allotment Association has been sent a copy of the Auditor's report and advised that a revised Agreement will be sent for approval by the Committee once Members have given their consent to the changes required.
The budget does not show any brought forward amounts. Income is on a separate budget, rather than included within the main budget.	Medium	The annual budget should show; the expenditure, expected income and brought forward amounts.	At the December and January meetings, Members are provided with possible expenditure, possible income and possible reserves allocation, it will be necessary to provide a summary sheet listing all three and thus provide a complete picture of funding for the coming year.
The cashbook now has a budget code/column to separate VAT, however, the Clerk had entered the 'gross' amount (inclusive of VAT), instead of the 'net' amount under each budget heading. This effectively double counted the VAT and overstated the expenditure	Low	Where VAT has been included within the price charged/paid, the net amount needs to be entered under the budget heading and the VAT entered under the appropriate column, so that in total they add up to the gross amount of the invoice/receipt.	Required changes have been noted and implemented on all expenditure from 1 April 2021 on the monthly expenditure monitoring sheet.

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Within the Cashbook, the Clerk's Salary is shown as the total amount under one column heading, rather than splitting it out between the net paid to the Clerk and the PAYE amount paid to HMRC	Medium	To maintain complete accounting records, it is advised that another column/budget heading is added to the Cashbook, to separate the amount paid to the clerk and the PAYE amount paid to HMRC.	A new column has been added to the monthly budget monitoring sheet effective 1 April 2021. However, since PAYE is a personnel matter, I have devised a new summary sheet which will be presented to Members each month instead of the previous sheet. This totals the Clerk's salary and PAYE payments.
The Risk Register currently only contains financial risks, rather than all risks that a parish council may be vulnerable to. The recent pandemic, and continuing restrictions and regulations, highlight the importance of including all risks.	Medium	The parish council should extend their Risk Register to include all risks that may be faced. Using the NALC/SALC template will aid this process.	The Internal Auditor has provided a sample of a Risk Register which will be viewed alongside the SALC template to provide a new Risk Register. I anticipate presenting this to Members for consideration at the June meeting.
VAT has been reclaimed on an invoice for a Microsoft licence. Although this was for parish council use, the invoice was addressed to the Clerk, not the parish council, and detailed it was for a 'personal' licence, rather than 'business'.	Low	VAT refunds should only be claimed on invoices addressed to the parish council, for obvious business use. The parish council need to decide whether to continue with the personal licence and not claim VAT, or revert to a business licence that will be addressed to the parish council. All aspects should be considered, including the consequences of using a personal licence for business use	I have asked SALC to circulate Parish Councils where the sole employee is the Clerk asking what version of Office they use. I will also explore the difference in price of Office 365 Personal and Office 365 Business. I aim to present my findings to the June meeting for a decision to be made.