

Internal Audit Report 2020-21

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 2021.

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 one area of non compliance in respect of section E on the Annual Internal Audit Report in the AGAR.

In relation to section E, I cannot confirm that all expected income was received as there is no evidence of invoices being raised, or expected amounts being documented within contracts/agreements. This was raised in the 2019-20 Internal Audit Report.

Although the issue needs to be acted on, it has not had any material impact upon the accounts for 2020/21 and there is no evidence of any irregularity.

Findings & Recommendations:

Finding	Risk Level	Recommendation for Improvement
The parish council are not keeping a full record / trail of income due.	Medium	The parish council should be ensuring 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. <i>Raised previously in the 2019/20 Internal Audit Report.</i>
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 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.
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.
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.
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.

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.
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Signature: *T Weeks*

Date: 19th April 2021