



FINAL

Internal audit report 2020/21

Visit 1 of 1

BERE REGIS PARISH COUNCIL

Date: 28th April 2021

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Introduction

This report contains a note of the audit recommendations made to Bere Regis Parish Council following the carrying out of internal audit testing on the 19th April 2021.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the additional testing set out in the AIAR of the AGAR 2018/19 and 2020/21.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

The internal audit for 2020/21 has now been completed in accordance with the provisions of the Practitioners' Guide and the CIPFA code of internal audit practice. Based on the testing, all of the Council's current financial controls reviewed during the testing appear to be operating effectively, with the exception of:

Test C: Risk management

I checked to see that the minutes record the Council carrying out an annual risk assessment in accordance with the Accounts and Audit Regulations 2015. The Clerk has confirmed that this was omitted in error following the move to on-line meetings during the early stages of the coronavirus lockdown. I have, therefore, responded 'no' to this test.

Test N: Public Rights

In order to test compliance with the Council's requirement for the exercise of public rights, I checked to see that the authority complied with the publication requirements for the AGAR 2019/20. Before 01/09/20, the Council was required to publish ss1&2 of the 2019/20 AGAR (the Annual Governance Statement and accounts), along with the public rights notice and a note that the AGAR was unaudited. It published this information within deadline.

The 2020/21 AGAR introduced an additional element of the test, which required internal auditors to also check that the Council published the notice of conclusion of audit, and ss1-3 of the AGAR (including the external audit report) once the external audit was completed and before the deadline of 30/11/20. As this was not notified to internal auditors until the return was published in March 2021, I was unable to complete the test at the time of the publication. The Clerk provided evidence that the public rights publications were published within deadline, but confirmed that the notice of conclusion of audit was only posted on the Council's noticeboard and not on its website. The Clerk has confirmed that this will be added as soon as possible. I have, therefore, responded 'no' to this test.

Audit Recommendations

Recommendations made during the audit are shown on in appendix one to this report.

Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	2
Medium	1
Low	5
Information	0
TOTAL	8

I would like to thank Amanda Crocker, Parish Clerk, for her assistance during this audit.

Darkin Miller Chartered Accountants
2020/21 INTERNAL AUDIT OF BERE REGIS PARISH COUNCIL
FINAL REPORT: 28th APRIL 2021

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/ Medium / High)	Management Response	Responsible Officer	Due Date
2.1 – Include all payments made on the payment list	<p>I checked to see that a sample of payments in the cashbook were supported by invoices, authorised and minuted. I found that one payment was not shown in a payments list, as the authorisation for payment was provided when the Council minuted its decision to appoint a supplier to provide a rubber replacement play park surface.</p> <p>I recommend that payments which have effectively been pre-approved at the order stage in this way are also included on the payments lists in future. This will improve the audit trail, and evidence payment has been approved following satisfactory delivery of the goods or service.</p>	L	Noted		
2.2 – Obtain VAT invoices	<p>I found that 1/9 payments was only supported by a pro-forma invoice (on which VAT cannot be claimed), but that VAT had been claimed. The VAT invoice was provided during the internal audit.</p> <p>I recommend that VAT invoices are obtained when payment is made in order to ensure that all VAT claims are properly supported by VAT invoices.</p>	L	Noted		
2.3 – Amend coding	<p>I checked that a sample of payments were correctly coded. I found that all samples were correctly coded apart from three of the elements of the July 2020 grounds maintenance invoice (covering June 2020 works), where the first four elements were coded to Cemetery Grounds Maintenance in error. The Clerk has confirmed</p>	L	These have been amended		

	<p>that these will be amended.</p> <p>I recommend that the correction is made as planned.</p>				
3.1 – Carry out risk assessment and use annual cycle of reports	<p>I checked to see that the minutes record the Council carrying out an annual risk assessment in accordance with the Accounts and Audit Regulations 2015. The Clerk has confirmed that this was omitted in error following the move to on-line meetings during the early stages of the coronavirus lockdown.</p> <p>I recommend that the risk assessment is carried out as soon as possible in 20/21, and that an annual cycle of reports is drawn up to ensure that all statutory requirements are carried out each year.</p>	H	The Risk Assessment will be undertaken in May 2021		
3.2 – Review Employee Dishonesty cover	<p>I checked to see that insurance cover was appropriate and adequate. I found that the changes year on year appeared reasonable, but noted that the level of insurance held for Employee Dishonesty appeared too low based on the year end cash balance 19/20 + half of the precept 20/21 (a calculation which gives an estimated balance at bank of £162k in April 2020, against £150k cover).</p> <p>I recommend that the Council reviews its level of Employee Dishonesty cover to ensure that it remains appropriate.</p>	M	This will also be considered at the May meeting.		
7.1 – Check net pay paid for the year and make adjustments	<p>I checked to see that the correct amount of net pay had been made to the correct employee. I found that the net pay for the sample month was underpaid by 20p.</p> <p>I recommend that the Clerk compare the net pay per HMRC's reports to the amounts paid per the bank accounts for the year in order to ensure that the underpayment was a one-off, and that the</p>	L	Noted		

	appropriate adjustments are made to the next salary payment to ensure that the correct amount of net pay is paid to the Clerk.				
7.2 – Ensure hard copy payroll records are complete	<p>I noted that the August 2020 'details of employee payment' report was not on file at the start of the audit. The Clerk provided a soft copy during the audit.</p> <p>I recommend that a hard copy is placed on the hard copy file in order to ensure that a complete audit trail of payroll records is maintained.</p>	L	This is normally what happens and this was an omission for this one month.		
13.1 – Publication requirements	<p>I checked to see that the authority complied with the publication requirements for the AGAR 2019/20. Before 01/09/20, the Council was required to publish ss1&2 of the 2019/20 AGAR (the Annual Governance Statement and accounts), along with the public rights notice and a note that the AGAR was unaudited. It published this information within deadline.</p> <p>The 2020/21 AGAR introduced an additional element of the test, which required internal auditors to also check that the Council published the notice of conclusion of audit, and ss1-3 of the AGAR (including the external audit report) once the external audit was completed and before the deadline of 30/11/20. As this was not notified to internal auditors until the return was published in March 2021, I was unable to complete the test at the time of the publication. The Clerk provided evidence that the public rights publications had been published within the deadline, but confirmed that the notice of conclusion of audit had not been published on the website after the audit was concluded. The External Auditor's report was published, and the Clerk noted that the notice of conclusion of audit was placed on the Council's noticeboards.</p>	H	Noted		

	<p>Note that the external auditor has confirmed that the ideal evidence is that of the website audit trail; but that screen shots of the relevant documents on the Council's website at least one day before the start and one day after the end of the publication period (in order to ensure that documents were available for the entirety of the period) would be acceptable.</p> <p>I recommend that the Council ensures that it fully complies with the publication requirements for the AGAR in future.</p>				
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