



FINAL

Internal audit report 2018/19

Visit 1 of 1

BERE REGIS PARISH COUNCIL

Date: 7th May 2019

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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 29th April 2019.

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.

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 2018/19 has now been completed in accordance with the provisions of the Practitioners' Guide and the CIPFA code of internal audit practice.

Based on the sample testing carried out at this final audit visit and during the year, all of the Council's current financial controls appear to be operating effectively.

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	0
Medium	5
Low	1
Information	0
TOTAL	6

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

Darkin Miller Chartered Accountants
2018/19 INTERNAL AUDIT OF BERE REGIS PARISH COUNCIL
FINAL REPORT: 7th MAY 2019

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
2.1 – Minuting of payments for approval	<p>I checked to see that all payments had been minuted for approval. I found that the following payments do not appear to have been minuted for approval during the year:</p> <p>09/05/18 Cheque 1889 £5.85 21/11/18 Cash £125 (Remembrance Sunday) 22/12/19 Cash £50 (Honorariums) 22/12/18 Cash £134.74 (Lunch Club Christmas Gifts) 21/01/19 Unpaid cheque fee £10 12/02/19 BACS128 £254 Payments made with a date 30/03/19 and 31/03/19 (which will be picked up in April 2019).</p> <p>I recommend that all payments are minuted for approval; and that, in order to ensure all payments are minuted in future, the excel cashbook includes columns to note the date and minute number when the payment was approved.</p>	M	<p>Noted</p> <p>Although not included as part of the cheque list in the minutes, minute 18.202 records the agreement to pay the honorariums. Lunch Club Christmas gifts - this is not something that would be agreed by Council as the Club is run separately and decisions made away from the Council. The unpaid cheque of £10 refers to money paid to the Lunch Club. This was repaid 2 months later and was included in the Lunch Club income for that month.</p>		
2.2 – Expense claims	<p>I checked to see that a sample of payments were supported by invoice. I found all payments were supported by invoice or other paperwork proving the amount paid, but that one amount (repaying</p>	M	<p>This particular payment is part of the Lunch Club costs and are not taken from public funds – i.e. the Precept.</p>		

	<p>expenses incurred by an employee) only included the copy invoice provided by the employee (marked up to show which items had been purchased on behalf of the Council), but no cover expense claim form. £2.50 of VAT was incurred on the goods purchased, but no related VAT was reclaimed as the invoice was made out to the employee.</p> <p>An expense claim should be used to reclaim any expenditure incurred by an employee, councillor or third party. The form should contain space for the claimant to sign and date the claim (self-certifying that the goods/services were procured for genuine council business), and space for an approver (Clerk for third parties and Councillors; e.g. Chairman of Council for Clerk) to sign and date to confirm that the claim has been checked and confirmed as accurate.</p> <p>The use of an expense form should also enable the Council to reclaim any VAT incurred even where invoices are not directly addressed to the Council (please see https://www.gov.uk/hmrc-internal-manuals/vat-input-tax/vit13400 for further details).</p> <p>I recommend that expense claims are used to reclaim all expenditure, and that VAT is reclaimed where possible.</p>		<p>Expenses, etc are paid out of the income raised by that initiative (whether it is the Lunch Club or the NeighbourCar scheme) and are not confirmed by councillors.</p> <p>Generally, councillors do not claim expenses.</p>		
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<p>3.1 – Amend minutes</p>	<p>The minutes of the Council meeting of 14/02/19 were due to be approved at the meeting of 14/03/19, but the related minute (number 18.265) refers to the minutes of 14/03/19 in error.</p> <p>I recommend that minute 18.265 is amended to refer to the correct date in order to ensure that there is a full record of the business and decisions of the Council.</p>	<p>L</p>	<p>Noted and minute amended.</p>		
<p>3.2 – Paperwork to support payments to staff</p>	<p>The Council resolved to pay an additional emolument in-year relating to work carried out by the Clerk in relation to the Neighbourhood Plan. The related minute did not quantify the amount to be paid (as this is confidential staff information), and there was no formal paperwork to support the amount.</p> <p>The net amount paid will be controlled via the payments process (as payments are presented to and minuted for approval by the Council), but it would improve the audit trail if, in the event of any similar situation in future, a confidential paper signed by the presiding Chairman of the meeting at which the amount is agreed is produced to confirm the gross payment.</p> <p>I recommend that any staff payments are supported by appropriate evidence in order to ensure that the correct amount is paid.</p>	<p>M</p>	<p>Noted</p>		

<p>5.1 – Dating of paperwork</p>	<p>I checked a sample of income to confirm that the prices charged agreed with those set by the Council. I was not able to agree that the correct price was charged in relation to one sample, as the rates to be charged increased during the year, and the sample was undated (meaning I could not confirm which set of fees applied). I was able to confirm that the service user had been charged an amount consistent with one of the sets of fees and charges.</p> <p>I recommend that applications are Council services are amended to include a date box (for completion by the customer), and that paperwork is date stamped on receipt. This will ensure that there is a clear note of when the Council service was obtained, and will allow proof that the correct price was charged.</p>	<p>M</p>	<p>This refers to cemetery income. The various applications will be amended to include a date box and date stamp will be purchased as suggested.</p>		
<p>7.1 – Check employee pension contribution rate</p>	<p>I checked to see that pension contributions had been correctly calculated and paid over. I found that the employee contribution rate appeared to be 0.3% higher than it should be.</p> <p>I recommend that the Clerk checks the rate to be paid with the Pension Fund administrators to ensure that the correct rate is applied, and that any necessary adjustments in respect of this year's contributions are made.</p>	<p>M</p>	<p>Noted</p>		