



FINAL

Internal audit report 2017/18

Visit 1 of 1

BERE REGIS PARISH COUNCIL

Date: 7th May 2018

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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 24th April 2018.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide'.

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 2017/18 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.

Please include a copy of this audit report with the annual return sent to your external auditor.

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	3
Low	2
Information	1
TOTAL	6

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

Darkin Miller Chartered Accountants
2017/18 INTERNAL AUDIT OF BERE REGIS PARISH COUNCIL
FINAL REPORT: 7th MAY 2018

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/ Medium/ High)	Management Response	Responsible Officer	Due Date
2.1 – VAT reconciliation	<p>I checked a sample of payments to confirm that VAT had been identified, recorded and reclaimed where appropriate. I found that VAT had been treated correctly for all sample payments but that there was a £10 difference between the calculated VAT owed (taking account of balance brought forward, claims in year etc) and the cashbook total. The Clerk identified that the most recent claim was £10 less than the related VAT.</p> <p>I recommend that the under-claimed VAT is added to the next claim to ensure that all VAT is recovered.</p>	L	The VAT claims form was for £10 less than it should have been - £1988.07 instead of £1998.07. This means £322.36 will be carried forward and the underclaim corrected at the next submission.		
2.2 – Approval of payments	I tested a sample of payments to make sure that they were supported by invoices, authorised and minuted. All the sample payments were supported by invoices or other paperwork, and all were authorised by the Clerk. Four amounts were not formally minuted for approval. One (August) was shown on a	M	Noted. Care will be taken to ensure all payments are noted in the minutes.		

	<p>payments schedule, but there was a different value approved in the minutes. One (September) was a neighbourcar expenses, but the related minute only approved precept payments. Two (from November 2017) were part of the payment schedule for the month which was not approved in its entirety. A review of the minutes shows that the majority of payments are approved in the minutes.</p> <p>I recommend that all payments are formally minuted for approval by Council.</p>				
<p>3.1 – Record approval of risk assessment</p>	<p>The Council is required to carry out a risk assessment annually (Accounts and Audit Regulations 2015). The regulations require that the council meeting as a whole has to review their system of internal control including risk management.</p> <p>Due to an administrative oversight, the Council did not formally minute the approval of its risk assessment. There is a minute from the July Council meeting which records that copies of the amended risk assessment were issued prior to the meeting. The July minute</p>	<p>M</p>	<p>Noted.</p>		

	<p>notes that some minor amendments are to be made, with the assessment being brought back to the August meeting [for approval]. The minutes of the August meeting do not record any review or approval of the risk assessment. The Clerk notes that it was included in the Members' packs, but not specifically noted in the minutes.</p> <p>It is recommended that the Council formally records the review and approval of its risk assessment in order to ensure that it has a formal record of statutory compliance.</p>				
7.1 – Supporting paperwork for expenses	<p>I checked a sample of payments to employees to ensure that they were reasonable, properly supported and approved by the Council. The Council makes a contribution to telephone rental, broadband access and telephone calls made on Council business. I was unable to verify the amount claimed in August 2017 as the Clerk was unable to download the invoice following a change in telephone package. The Clerk noted that the amounts varies a little month by month. I compared the amount claimed to the 2016/17 and can confirm it was</p>	M	Noted. Receipts will be included wherever possible.		

	<p>comparable.</p> <p>The Clerk also claims for milk picked up for the Lunch Club each month. The monthly amount is less than £2. The shop does not issue receipts.</p> <p>I recommend that, where possible, copies of all evidence to support expenses claimed are attached to the claim each month in order to improve the audit trail.</p>				
10.1 - Reserves	<p>The Council has reserves of £101,795 at the year end of 31 March 2018. This is equivalent to around 162% of the value of expenditure for the year 2017/18. Guidance suggests an appropriate level of general reserves is around 50% to 75% of expenditure.</p> <p>I recommend that the Council sets a range of acceptable reserves levels and endeavours to ensure its reserves balances remain within that range. If the general fund also contains balances held for specific expenditure, I recommend that such balances are shown as separate, earmarked reserves in order to clarify that the Council is not over-funded.</p>	L	<p>Of the monies held in reserve, £55,882.17 is allocated for specific items –</p> <p>£3,893.85 refers to the neighbourcar scheme</p> <p>£3,570.82 is for the lunch club;</p> <p>£14,850.07 is held for neighbourhood plan expenses;</p> <p>Other monies are held for winter contingencies, footpath upgrades, play equipment replacement and the community hall.</p> <p>Once these are taken into account, the reserves stand at £48,412.58 which does exceed 75% of the precept. However, we are in a position whereby we do</p>		

			not know what additional work is likely to be laid at the door of parish councils following Unitary and the advise we have received is to prepare to take on work that has previously been undertaken by the District Council.		
10.2 – Adjustments	The following adjustments were made to the draft accounts presented for internal audit: 1. Income and expenditure was increased by £80 relating to Lunch Club accounts in which £80 of expenditure had been paid out of income (with the net bankings reduced accordingly).	Info	Understood.		