

Internal Audit Report 2022-23 Sparkwell Parish Council

Introduction

Hillside Business Services has completed an Internal Audit, in order to verify the Annual Governance and Accountability Return (AGAR) for Sparkwell Parish Council, for the financial year ending 31st March 2023.

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 Sparkwell Parish Council. The table of findings and recommendations below highlights two areas of non compliance in respect of sections J and M on the Annual Internal Audit Report in the AGAR.

For section J, the budget monitoring reports does not agree to the Cashbook. Although it has been confirmed that the AGAR does agree to the Cashbook.

For section M, the council did not publish the exercise of public rights until after the deadline detailed within the AGAR.

Although the issues need to be acted on, they have not had any material impact upon the accounts for 2022/23 and there is no evidence of any fraud.

Findings & Recommendations:

Finding	Risk Level	Recommendation for Improvement
Although it could be seen during the audit that Bank Reconciliations are completed by the clerk on a monthly basis and presented to the council meetings, copies are not signed. Therefore it is not possible to confirm that the information provided for the audit is the same information that was presented to the council meetings.	Medium	Bank Reconciliations presented to council meetings should be signed and dated as evidence.
The council has occurred expenditure during the year, that exceeds the £100 limit in the Financial Regulations, at which point they say they will obtain three estimates or quotes. No estimates or quotes were provided and when queried with the Clerk it is understood that some of these are longstanding standing contracts which have not been subject to a competitive price review, by seeking estimates/quotes from other contractors, since at least 2021 when she joined the council. An exact date for competitive price review could not be given.	Medium	The Council should ensure that all larger contracts are subject to review to ensure that they still provide value for money. Contracts should be reviewed regularly.

<p>It was noted during the audit that the clerk and councillors are making a number of purchases for the parish council on their own credit card and then reclaiming it. Although this is acceptable for occasional smaller items, it is now becoming an outdated practice and more parish councils are using debit cards or pre paid credit cards for sundry and online purchases. Spending limits and controls can be set both with the banks and on many online stores. For example, Amazon has the function to request authorisation from a second person for purchases over a set limit, and below that limit it is auto approved.</p> <p>This has the benefit that accounts can be set up in the name of the parish council and therefore invoices correctly addressed. It also means that the Clerk/councillors are not using their own funds and waiting for the money to be refunded.</p>	<p>Low</p>	<p>The council should consider obtaining a debit card or on pre-paid credit card for sundry and online purchases.</p>
<p>The list of payments authorised at each meeting, although documented in the minutes as being seen, is not included/detailed in the minutes and hence not signed.</p> <p>It was also noted that the Chair & Cllr. McEwing have signed/authorised their own expenses.</p>	<p>Medium</p>	<p>The Council should ensure that, for transparency, the payments being authorised at meetings are clearly detailed within the minutes, or added as an appendix. This should be signed as evidence that this is the list discussed /approved for authorisation.</p>
<p>The VAT amount is not recorded within the cashbook. The Clerk confirmed that she compiles a separate document for reclaiming the VAT, but this was not available to confirm that the VAT is correct for 2022-23.</p>	<p>Medium</p>	<p>VAT should be recorded accurately in the accounts, on an ongoing basis. The Cashbook should ideally show the Net price, VAT and Gross price.</p>
<p>A Budget Planner Spreadsheet was provided for the audit, thus it can be seen that budget monitoring is being undertaken during the year. It can also be seen on minutes that they have been discussed at council meetings and approved. However, there are no signed copies of the reports presented and therefore not possible to confirm that the copies seen during the audit match those presented at the council meetings.</p> <p>It is also noted that the Budget Planner does not match the Cashbook and appears to have errors in the amounts entered.</p>	<p>High</p>	<p>Budget monitoring reports discussed and approved at meetings, should be signed and dated to provide evidence that these are the copies that have been presented.</p> <p>It is important that the budget monitoring reports are checked and confirmed for accuracy, and match the cashbook figures.</p>
<p>It was noticed during the audit, that there is a very small difference between salary payments recorded in cashbook and the Clerk's P60.</p>	<p>Low</p>	<p>The council should ensure that the reason difference is identified and corrected if necessary.</p>
<p>The council website was checked during the audit, to ensure that the parish council is publishing information in line with the relevant legislation and the requirements of the AGAR, but the required documents were not easy to find online. They were found via a link sent by the Clerk, but their location would not be easy to identify by the general public.</p>	<p>Medium</p>	<p>The parish council needs to ensure that all documentation is published on the website in line with the relevant legislation and AGAR requirements</p>
<p>The Notice of Public Rights was not published until 13 July 2022, meaning it did not meet the deadline as detailed on the AGAR documents.</p>	<p>High</p>	<p>The Notice of Public rights and all other end of year accounting documents, must be published within the deadlines set.</p>

Signature: *T Roper*

Date: 17th May 2023