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Dear Kirsty,

12th June 2020

Stinsford Parish Council Internal Audit

Please find attached the internal audit report for April 2019 – March 2020. I have included a detailed checklist showing what tests I carried out on the accounts and supporting documents and any recommendations I have as a result of this work.

All of the supporting documents that I required to carry out the audit were included and well presented.

There are 3 recommendations this year one relates to a small admin error, but with no material effect. The second relates to two items of supporting evidence. The third is I'm sure something you have already considered with regard to expenses but I need to make sure that Councillors are aware of the opportunity to claim back more VAT in future.

The recommendations made were not material and would not have changed any of the submission figures on the annual report

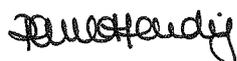
Internal Audit Opinion

Overall I am able to offer substantial assurance on the financial transactions for 2019-20 as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Therefore I have signed of the Internal Audit section of the Annual Return with no additional comments

The Audit Report, Recommendations and this letter should be sent to all Parish Council members so that they can fully understand the advisory recommendation made. As always I am happy for any of the Parish Council to contact me personally if they wish to discuss any of the recommendations made, the tests carried out or the overall opinion given.

Regards



Paula Harding, Appointed Internal Auditor for Stinsford Parish Council

Stinsford PC Audit – 2019/20

It is accepted that due to the nature of the transactions of Stinsford Parish Council that they would have applied for an exemption from external audit. For in interest of completeness the application for exemption should be included in the audit file in future years.

Recommendation 1:

That the VAT cashbook total is corrected to show £155.20

This is just an admin error on the spreadsheet and all the entries are correct. The overall Net + Vat total is also correct.

Recommendation 2:

That paperwork supporting the payment to Groundworks UK and C&CD community newsletter are added to the file.

To support the minutes and payment. The first is a returned grant and the second a donation towards the local newsletter so copies of the letters sent with the payments explaining their purpose would probably suffice.

Recommendation 3:

That any items which would have in the past been reclaimed by Councillors are now paid with the debit card to assist VAT claim back.

This will allow more VAT to be reclaimed as the payment will be made directly from the PC accounts and not via a third party.



Paula Harding
Internal Auditor Stinsford Parish Council

12/6/2020.

INTERNAL AUDIT SERVICE FOR STINSFORD PARISH COUNCIL

Audit Programme – Financial Year 2019-20

I certify that I have carried out the tests detailed below in accordance with the suggested approach contained in the Governance and Accountability for Smaller Authorities in England published in March 2020

Internal Control	Tests	Result	Comments
Previous Internal/External Audit	Do the minutes record that the Council has considered the Internal/External Audit Report for the previous year and the matters arising addressed?	Yes	The Internal Audit report was considered in minute 81.1 – June 2019. Following the new Annual Governance and Accountability regulations no external audit was required. A certification of exemption needs to be applied for. NOTE: <i>In the interest of completeness of records a copy of this certificate or applications should be included in the audit file.</i>
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes	The cash book up to 31 st March 2020 is maintained and up to date
	Is the cashbook arithmetically correct?	Yes	Both receipts and payment columns are correct. The VAT column includes all the relevant information but the total in the VAT column is incorrect. It should be £155.20. This is just an error on the total and is not carried forward into the overall total of the payments. Recommendation 1: That the VAT cashbook total is corrected to show £155.20
	Is the cashbook regularly balanced?	Yes	An update was issued to Council as part of the budget process (January 2020) Min 6.2
Standing Orders and Financial Regulations	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes	Standing orders were adopted in September 2015 and reviewed in July 2019. Financial Regulations were adopted in 2009 and last updated in September 2019.
	Has the Responsible Financial Officer been appointed?	Yes	The Clerk is declared as holding the office of RFO in the Financial Regulations.

Internal Control	Tests	Result	Comments
	Have the items or services above a de minimus amount been competitively purchased?	Yes	The financial regulations have been amended 80.4 June 2019 to state that item up to £1000 can be purchased by the Clerk via internet or debit card with prior authorisation from the council has been given. There were no items collectively above £1000 thorough the year.
	Are payments in the cash book supported by invoices and have they been authorised and minuted?	Partial	All payments have been minuted and authorised. There is no paperwork to support the payment to Groundwork UK for the neighbourhood grant. Given that the Clerk now has authorisation to pay up to £1000 on debit card it is suggested that if not done already that the monthly £30 fee to Smart Survey is paid from the PC bank account so that the VAT can be reclaimed. In future it is recommended that any printing or stationery expenses are paid via the debit card rather than being reclaimed by the individual. <u>Recommendation 2:</u> That paperwork supporting the payment to Groundworks UK and Contribution towards C&CD newsletter are added to the file. <u>Recommendation 3:</u> That any items which would have in the past been reclaimed by Councillors are now paid with the debit card to assist VAT claim back.
	Has VAT on payments been identified, recorded and reclaimed?	Yes	All VAT items have been correctly recorded. The VAT reclaim for 2018-19 was received in July 2019.
	In Section 137 expenditure separately recorded and within statutory limits?	N/A	No Section 137 expenditure was incurred and therefore no recording required.
Risk Management Arrangements	Does a scan of the minutes identify any unusual activity?	No	A random sample of four minute pages were checked from separate meetings and all activity was as expected.
	Do the minutes record the Council carrying out an annual risk assessment?	Yes	The risk assessment document was approved in March 2020. See Minute 25.2

Internal Control	Tests	Result	Comments
	Is insurance cover appropriated and adequate? Fidelity Guarantee?	Yes	The insurance schedule was checked and the Fidelity guarantee stands at £25,000. This is currently more than is held in the bank account so adequate.
	Are internal financial controls documented and regularly reviewed? (Bank reconciliations)	Yes	Cashbook is regularly balanced and an end of year summary includes bank reconciliation.
	Has the Council prepared an annual budget in support of its precept?	Yes	The budget was presented at the January meeting – see minute 6.3 and a precept agreed of £5,500. This is no change to the previous year.
Budgetary Controls	Is actual expenditure against the budget regularly reported to Council?	Yes	Reports are given at the half year and as part of the budget process. There are so few transactions than more regularly reporting would be onerous.
	Are there significant unexplained variances from budget?	Yes	A report has been included which explains these variances. All relate to the work on the Neighbourhood plan and are reasonable.
	Is income properly recorded and promptly banked?	Yes	All income was received electronically and properly recorded.
Income Controls	Does the precept recorded in the cashbook agree to the District Councils notification?	Yes	Precept received was as per that expected £5500.
	Are security controls over cash adequate and effective?	Yes	Financial regulations have been amended to allow the clerk to pay via debit card or online up to £1000 after this amount all payments require two signatories.
	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A	No petty cash is held. All Clerks expenses are claimed back alongside her salary.
	Is petty cash expenditure reported to Council?	N/A	See above
	Is petty cash reimbursement carried out regularly?	N/A	See above
Payroll Controls	Do salaries paid agree with those approved by the Council? (Based on NALC rates for 2019-20)	Yes	The Clerk is paid at SCP 15 the new scales for 2019-20 convert this to SCP 5. The rate for this is £9.77
	Are the other payments to the Clerk reasonable and approved by Council?	Yes	All expenses have invoice attached to the Clerks expense claim.
	Has PAYE/NIC been properly operated by the Council as an employer?	Yes	Regular submissions are made and required amounts issued to HMRC by cheque. Income tax is deducted but there is no requirement for National Insurance.

Internal Control	Tests	Result	Comments
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Yes	An asset register is kept and was included in the audit bundle. It was reviewed in March 2020 .
	Is the Register up to date?	Yes	The new laptop has been included and any old computer equipment removed. The White finger posts have been added as per recommendation by Dorset Council.
	Do asset insurance valuations agreed with those in the Register?	Yes	The insurance schedule lists 'total property' and does not break this down in to individual items. The total showing on the asset register is £6932.00, so adequate cover is in place.
Bank Reconciliation	Is the bank reconciliation carried out regularly?	Yes	At the mid and end year point.
	Are there any unexplained balancing entries in any reconciliation?	No	
	Are year-end accounts prepared on the correct accounting basis?	Yes	The Council uses a receipts and payments system.
Year-End Procedures	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes	All payments tested could be found listed in minutes, matched to cheque stub and could be seen as being paid on the bank statement. There are two piece of evidence paperwork missing but a recommendation has been made.

Paula Harding

Report compiled by Paula Harding (Principal)

Barker Fox Associates

Date 12/6/2020