Internal Audit Report 2022-23

Shepton Beauchamp Parish Council

Introduction

Hillside Business Services has completed an Internal Audit, in order to verify the Annual Governance and Accountability Return (AGAR) for Shepton Beauchamp 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, for Shepton Beauchamp Parish Council, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

The findings below are medium - low risk 'housekeeping', and although they should be implemented to ensure best practice, they do not affect the overall opinion.

Findings & Recommendations:

Finding	Risk Level	Recommendation for Improvement
Although all financial transactions during the year are accurately detailed, carry forward figures are not included within the Finance Spreadsheet.	Medium	Carry forward figures for the start of the year should be included on the finance spreadsheet to provide an accurate running total and the figure to reconcile the bank statements to.
Evidence was provided during the audit to show that, for larger expenditure, quotes/tenders are sought. However, it was noted that the 'Ranger service', provided by South Somerset District Council (now Somerset Council) has not been reviewed since at least 2019. When queried, the Clerk commented that the LCNs may be a good way to review this, looking to work with other councils to get a competitive price.	Medium	The Ranger Service should be reviewed to confirm whether it is still providing value for money. All larger contracts should be reviewed at least every 5 years.
Payments are being made on proforma invoices and order confirmations. Although this is acceptable for items that need to be paid for in advance, this should then be followed up and evidenced by an invoice/receipt.	Low	The parish council should ensure that invoices/receipts are obtained for all expenditure.

VAT invoices / receipts are not always being obtained and subsequently VAT is not being reclaimed on all occasions that it could be. Examples include the Amazon purchase of a flag in May 2022, claimed through Clerk's expenses in June. This is a VATable item, but an order confirmation was used which does not show the VAT breakdown. Although correctly accounted for in the cashbook, with no VAT claimed as a valid VAT receipt/invoice was not present, this is a loss of VAT that could have been reclaimed.	Medium	The parish council should ensure that a valid VAT invoice / receipt is obtained. Note: VAT invoices can be downloaded on Amazon after dispatch of goods.
The clerk is 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. 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 is not using their own funds and waiting for the money to be refunded.	Low	The council should consider obtaining a debit card or on pre-paid credit card for sundry and online purchases.

Signature: *T Roper*

Date: 11th May 2023