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## **Berrynarbor Parish Council Internal Audit Report 2023/2024**

Testing was carried out using sampling where appropriate and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity. The findings are reported below:

### ✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils under £25,000 turnover are legally required to publish on a website information required by the Transparency Code for Smaller Authorities 2014

- Website disclosure of information is required for those whose turnover is below £25,000.

Councils should ensure compliance with the new rules regarding General Data Protection Regulations (GDPR) which came into effect in May 2018.

Councils should have in place and periodically review:

- Standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation.
- Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

***Generally satisfactory, however, a Statement of Internal Control should be reviewed and adopted and Risk Assessment to be expanded to include the Boules pitch.***

### ✓ **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of

free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

**Generally satisfactory.**

**Balances held for the Devon County Council Footpath Scheme, Parish Paths Partnership, P3, are ring-fenced and should be identified separately within the accounts.**

**Improved interest rates should be sought where possible.**

✓ **Other Receipt or Income**

A sample of other receipts were tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment

**Generally satisfactory, however, a large reclaim of VAT in 2020/21 of £3987.82, which resulted in a large over claim from HMRC. A reconciliation provided by the clerk confirmed that at 31<sup>st</sup> March 2024 the net over claim now stands at £1,340.02. This has reduced by during 2023/24 as a result of large projects, however, if no significant payments of VAT are anticipated in 2024/25, it is recommended that contact is made with HMRC with a view to repaying the excess amount to avoid any potential penalties.**

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council.
- Additional hours worked were approved and supported by time records.
- Employees are paid in accordance with contractual obligations and on the correct pay date.
- Employees have a written statement of principal terms and conditions.
- That PAYE, NI and Pension Contributions are operated and paid promptly.

**Satisfactory. No issues.**

✓ **Payments including Bank**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim or other appropriate documentation.
- Grant payments are subject to a proof of need assessment, are required to be evidenced as spent for the approved purpose, and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared.
- Where payments are made other than by cheque with 2 councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed and annually review the control of wider definition "money".

**Generally satisfactory. The council should ensure that invoices where VAT is to be reclaimed, should include the parish council name.**

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

***Satisfactory, but council should ensure that the Boules Pitch has sufficient cover.***

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases

***The asset register should be reviewed in line with the Practitioners Guide, to include the basis of valuation and the whereabouts of important documents, such as deeds, leases or licences etc. In addition, Ye Olde Globe to be added as a Community Asset.***

***The accounts provided included amounts that had been approved by the council, but not yet paid. A revised payments list was provided. As a result a number of figures required amendment within section 2 of the Annual Governance and Accountability Return (AGAR). Copies of the completed AGAR forms must be provided for internal audit once they have been completed and signed, incorporating agreed amendments.***

***Please refer to the audit checklist and request clarification if necessary.***

***Kind regards  
Julie***