Benson Parish Council - Internal Audit Report 2018-19

Interim Audit Observations

Audit date	Priority	Observation	Recommendation	Status	Comments
17 June 2019	H	The Council has not formally reviewed the Councils Risk Assessment during the year. Council minutes record that this is 'under review with Finance'	The Council to note that the Review of Risk is a requirement of Full Council as it is one of the Assertions of the Annual Governance Statement. The Council to ensure that a review of Risk is carried out each year and is recorded in the Minutes of Full Council.	Pending	The risk assessment was reviewed during 2018/19 but there was no minute to say it had been adopted. The risk assessment for 2019/20 is currently being prepared and will be finalised by the Finance Committee at their October meeting for approval by Full Council thereafter
	H	The Council maintains a set of Financial Regulations, these appear to be a highly modified versions of the NALC Model Financial Regulations. It was noted that the FInancial Regulations refer to a tender threshold of £60,000 and do not refer to the requirements of the Public Contract Regulations.	The Council must update its Financial Regulations and ensure that they correspond with the requirements of the Public Contract Regulations. The Council should consider adopting the NALC Model Financial Regulations.	Pending	BPCs current Finance Regulations were adopted in 2016 and based on the up to date regulations at the time. They will now be reviewed and brought in line with the 2019 Nalc Model. RFO will prepare a revised document for Finance Committee approval
	H	It was noted that the year end bank reconciliation did not agree to supporting bank statements. The bank balance recorded on the bank reconciliation did not agree to those stated on bank statements	Year end bank reconciliation to be reviewed and agreed. The format of the bank reconciliation to be reviewed so that the actual statement balances are recorded on the reconciliation.	Pending	The current Bank Rec format was requested by the previous internal auditor. The industry standard format will now be used instead
	H	It is not clear, from a review of Minutes, that there has been regular review of financial performance against budget.	The Council to ensure that regular review of the Councils financial performance against budget is recorded in the Minutes of the appropriate meeting. On a regular basis, at least quarterly, financial performance against budget should be reported to Full Council.	Pending	The quarterly review of financial performance against budget is circulated to all Councillors and examined by the Finance Committee. This will now be minuted at Full Council
	H	It was noted from a review of the debtors ledger that the Council has a large number of overdue balances on debtor accounts. It was not clear from a review of the Minutes that the Council has been regularly reviewing these balances.	The Council, or the Finance Committee, should undertake a review of outstanding debtors at least every quarter. This should be recorded in the Minutes of the relevant meeting.	Pending	Debt management is a day to day task and any larger debts are reported to the Finance Committee periodically. The RFO will ensure this matter is added to the Finance Agenda on a quarterly basis

	M		The Council holds £57, 030.38 in respect of the Bloomfield Bequest. It is understood that this amount is not subject to a Trust, but there are restrictions on how the Council may uses these funds. At present these funds are included with the General Reserves of the Council.		Council should establish an earmarked reserve for these funds and ensure that they are clearly distinguished from the General Reserves of the Council.	Pending	The Bloomfield Bequest is held in its own bank account and reconciled accordingly. A restricted reserve will be created on the balance sheet
	M		The Council uses telephone banking with Co-Op for inter account transfers. The Council has set up an account with Unity, which is commonly used by parishes for online payments, however the arrangements for making payments are not yet in place.		The Council to review the arrangements with Unity bank and take steps to put in place the arrangements for online payments.	Pending	Telephone/ online banking is gradually being introduced. The RFO will accelerate this process
	M		It was noted that there were balances on two expenditure accounts on the brought forward Trial Balance. This indicates that there have been transaction posted back into the prior year after the 2018 year end. The balances are on accounts 5131 (£146) and 7070 (£50).		Council to review these postings.	Pending	Transactions will not be posted back into prior years under any circumstances. RFO will monitor
	M		It is not clear that the VAT control accounts have been reconciled. As at 31st March there was a balance on on three VAT control accounts (There should ordinarily only be a balance on one VAT account at year end).		Council to review and reconcile the VAT control accounts	Pending	The VAT control accounts showed a balance at year end due to an outstanding HMRC credit from Q4. This is normal. No action
	M		It was noted that there was an accrual at year end in respect of a grant payable of £1,250		Grants should be recorded as paid. No accruals should be made in respect of any unpaid grants.	Pending	The accrual at year end for the uncashed PAGE grant cheque was correct accounting. No action

Priority

H	**High Priority:** Potential of legal or regulatory non-compliance or risk of significant financial or reputational impact
M	**Medium Priority**: Potential for operational impact, medium risk of financial or reputational impact
L	**Low Priority:** Issues that the Council should be aware of, or that have been resolved. No further action required.

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