

## Internal Audit Report Response 9<sup>th</sup> May 2022

By Angela Hayne BSc (Hons) Clerk/RFO St Mawgan-in-Pydar Parish Council

Steve Hudson (Hudson Accounting Ltd) was appointed to conduct the Parish Council's Internal Audit, Mr Hudson conducted a very thorough independent, objective audit that found in **'The review undertaken obtained a level of assurance which has allowed us to complete the Internal Audit Report element of the Annual Governance & Accountability Return with no qualifications, other than:**

**J Mileage claims** have been included in staff costs contrary to proper practice, the amounts are immaterial, but the AGAR should be amended accordingly, and a new code established on the accounting system for 2022/23.

To accept recommendations – AGAR amended accordingly, and a new code has been established on the accounting system for 2022/23

**In all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council with the following recommendations.**

**B VAT** Within the sample tested VAT had been erroneously applied to two payments. *This will require correction and assistance from the software provider may be required to ensure that the system Vat records remain in balance with claims made.*

To accept and correct with Scribe assistance

**D Adequacy of Reserves** After allowing for earmarked reserves of £62,370 the general reserve stands at £10,659; equating to 12.4% of gross expenditure which is well below generally accepted parameters. General Reserves would normally be expected to sit within a range of 25-100% of expenditure. *The Council's overall reserve position is healthy, but a risk-based review of current reserves held and the relationship between earmarked and 'free' reserves would be advisable.*

To accept and undertake a risk-based review within the month.

*Angela Hayne*

*Clerk/RFO*

*9th May 2022*

Minute reference: 156/22(c)