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Mrs SJ Watt,
Parish Clerk,

Berry Pomeroy Parish Council

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When telephoning please ask for: David Curnow

Dear Mrs Watt,

Internal Audit report for Berry Pomeroy Parish Council 2020-21

I can confirm that we have now completed our internal audit of the accounting arrangements for the Parish Council for the financial year ended 2020/21. I am pleased to report that our audit did not find any significant non-compliance with financial regulations and the control framework. Generally, the processes in place are adequate to support the Parish Council's business and for the production of the annual report and financial statements. However, we are concerned regarding the appropriateness of a significant charity donation made during the year (see below, third key finding).

The purpose of our internal audit was to review the systems of financial and other controls over the Parish Council's activities and to provide an opinion as to whether the operating procedures are working effectively and satisfactorily. Our work was undertaken in accordance with the Public Sector Internal Audit Standards.

As part of the audit work we undertook an assessment of compliance with relevant procedures and controls and our findings are based on the areas examined and appropriate sample checking.

Key Findings

- Accounting statements prepared during the year were prepared on the correct accounting basis and were supported by an adequate audit trail from underlying records.
- Payments sampled were supported by invoices, expenditure approved, and VAT properly accounted for. Arrangements for expenditure are supported by the Accounts & Financial Statement' section of the Council's Adopted Standing Orders.
- However, one instance was identified where a purchase was made prior to approval being obtained at Full Council. This is contrary to the Accounts & Financial Statement' section of the Council's Adopted Standing Orders. However, it was noted that this expenditure did receive approval at a later date and the Responsible Financial Officer has reiterated that all expenditure must go through Full Council in future. This purchase will also need adding to the Council's Fixed Asset Register.
- It was noted that around 25% of the Council's precept amount for 2020/21 was spent via a donation to the refurbishment of Bridgetown Community Hall. Whilst this donation does not appear to contravene relevant legislation regarding the Council's expenditure powers, it is not

clear whether the benefit to the Parish is commensurate with the level of donation. Whilst published Council minutes detail the approval of the expenditure, there is no detail to explain why the level of donation was deemed appropriate and as such leaves the Council open to potential challenge. It was also noted from the published minutes that the Parish Clerk advised against an additional donation of £1000, following an earlier donation of £2000, however, this advice was not taken as the Council voted in support of the additional donation. It has been noted that the Council are to put a Donations & Grants Policy in place, against which future expenditure of this nature can be assessed and this is strongly supported from an audit and governance perspective.

- The financial commitment of the Parish Council is limited by the amount received in the annual precept and by the balance in reserves. The Council is notified of precept income and payment dates prior to the financial year.
- The Parish Clerk's salary was paid in accordance with Council approvals and in accordance with PAYE and NI requirements.
- The Council have reviewed and refreshed their Financial Risk Assessment which has been reviewed as part of this audit and considered to be satisfactory.
- No petty cash is currently maintained

Please accept my thanks for the assistance provided during the course of our work.

Yours sincerely

M Head

On behalf of David Curnow

Deputy Head of Partnership