

## Internal Audit      Appendix C Meeting 20.6.23

An internal audit for the financial year ended 31<sup>st</sup> March 2023 of Newton on the Moor & Swarland PC including the Vyner Park Charity and Swarland Show was carried out by Patricia Foxtton with Jan Anderson on 17<sup>th</sup> and 22<sup>nd</sup> May 2023.

The audit findings for Vyner Park and Swarland Show are shown below. (The findings for the Parish Council have been excluded as they are not matters for our Committee to consider).

Normally, with an audit, it is possible for the Treasurer to respond to queries raised before a final report is issued to ensure accuracy and understanding, disappointingly, this couldn't happen due to shortage of time.

I have also made comment against some of the points raised on Swarland Show as I hold the invoices to which they relate. I have not commented all issues as that is for the Show Committee.

**Brian Fergie**

**Treasurer**

### Audit of Vyner Park Charity Accounts 22/23

Issue	Treasurer response
<b>2.1 General</b> - Recommended that the spreadsheet should show figures NET of VAT.	<b>Disagree, the Charity is a small organisation which has always used cash accounting. We have no control over when the Parish Council makes VAT returns and to move to an accruals based system would add a level of complication not warranted by our size.</b>
<b>2.2 With reference to income/expenditure</b> - It was pointed out that the VPC hasn't made a loss as the VAT should be included. It is owed to the VPC.	<b>No comment needed.</b>
<b>2.3 VAT on Electricity Invoices</b> – Could VAT be claimed on the invoices or a lower rate of VAT be applied for?	<b>VAT is reclaimed on the invoices.</b>
<b>2.4 Invoice 7 – Jubilee Party</b> – Recommend getting more details of how this money was spent including VAT so it can be reclaimed.	<b>Before I became treasurer however, I believe that the individual is not VAT registered, so not applicable</b>
<b>2.5 Invoice 6 and 11</b> – VAT invoices are needed. Figure of £12 VAT given but couldn't see how this figure was reached.	<b>On invoice 6 £1.43 of VAT reclaimed and on invoice 11 £39.99. The breakdown is shown on the page entitled Cheques within the spreadsheet supplied to you. There was £12 of VAT shown against invoice 12 with the VAT invoice from Blewitt's on file.</b>
<b>2.6 Cheque 100101</b> – No details were in the file about this cheque to Swarland show (re sponsorship) 26.7.22 £250. Recommend details are provided.	<b>The amount referred to is in the contra column of my expenditure and if you look within the income page (also under contra) you will see £50 from Stormshield Windows</b>

	and £200 from Alncom being received end of June / beginning July, both described as Show sponsorship. They paid to the wrong bank account.
<b>2.7 Invoice 12 – Cash payment to Blewitts</b> – No indication was given as to where the cash had come from – later found it was from cash donations held by Treasurer. Recommend starting a petty cash account to record separately cash income and expenditure in cash, and getting receipts.	No need to hold petty cash or to have a petty cash account. The large balance was accumulated by the previous Treasurer and is not part of our procedures going forward.
<b>2.8 Query about cash</b> – as at 31.3.23 was there any unbanked cash? If so this needs to be recorded.	No. Donation boxes were emptied on 31 March and banked same day.
<b>2.9 Invoice 15</b> – payment for £38.03. No invoice was attached.	Petrol for Mower, our Volunteer did not get a receipt although was able to print off something online from his card payment. A one-off oversight.
<b>2.10 Invoice 20</b> – It would be really helpful to anyone checking these records to have a breakdown of the payments.	There is receipt from Homebase (numbered 20) within the file of invoices. If you mean invoice 21 to G Anderson for £179.18 – materials then the breakdown for chq 100108 is shown on the cheques page of the spreadsheet with the receipts on file.
<b>2.11 Invoice 28</b> – Suggests this is not a ‘debit’. This comment applies to all invoices. Give the debit its proper name. If its not a cheque, cash or bacs call it an FPO.	Debit is the term I use for payments I make through the bank. I will use FPO going forward.

## CONCLUSIONS & RECOMMENDATIONS

Main recommendation was to get a petty cash account set up from 1<sup>st</sup> April 2023 and show it separately. Also check if there was any cash not banked at 31.3.23. This would be the petty cash opening balance.

Expenditure should be NET of VAT with VAT shown in end column of spreadsheet.

## Audit of Swarland Show Accounts 22/23 (being a committee of the VPC).

Issue	Action
<b>3.1 General</b> – It is unacceptable Disappointing that the full set of Lloyds bank statements hadn't been provided as notice had been given of the audit. It is imperative the bank statements are kept in order to be handed over when asked for.	
<b>3.2 Invoice No 24</b> – It would be useful to have a summary of the receipts when there are a lot like this especially as some of the receipts are fading. Its good practice not to include personal items when buying things for the show.	The spreadsheet is the summary. Fading is a problem with some receipts but we can only work with receipts given to us. I agree that best practice would be to keep Show and personal purchases separate, however we run with volunteers and the items claimed are clearly marked.

<p><b>3.3 Invoice 24c</b> – Its recommended that a full breakdown is provided as it is not clear what the claim is for. Why are some items highlighted? During the audit we were unable to get this group of invoices to add up to £832.67. If necessary an adjustment can be made in 23/34.</p>	<p><b>The whole invoice (£218.70) is included, highlighted items relate to the BBQ with the rest Bar (this is noted at top of the invoice).</b></p>
<p><b>3.4 Invoice 24a</b> – The Aldi invoice is not a VAT invoice so VAT can't be claimed. Recommended that every effort is made to get a VAT invoice to ensure value for money.</p>	<p><b>I believe it is. The till receipt clearly gives a breakdown (for the whole amount) between zero rated and standard rated items and the VAT on the later. The Aldi VAT number is on the back of the receipt.</b></p>
<p><b>3.5 No analysis was provided of income</b> – It is recommended that this is provided.</p>	
<p><b>3.6 Bank reconciliations</b> – It is recommended that a bank reconciliation is done at least quarterly to match up income and expenditure of the show cash book, with the figures the bank produces.</p>	
<p><b>3.7 Donations</b> – Just a minor point but the donations made shouldn't be described as costs as they are not costs.</p>	<p><b>Noted. They are within costs as they are expenditure.</b></p>

## CONCLUSIONS & RECOMMENDATIONS

Main recommendation was to make sure that all documents asked for, for audit purposes are provided for the start of the audit. Real bank statements are needed.

Make sure that VAT invoices are obtained.

When there are multiple receipts/invoices relating to a claim eg invoice 24, its recommended that a breakdown of the invoices is done showing VAT separately. This will make it easier to make the correct claim, make it easier to check too.

Its strongly recommended that a breakdown of the income is provided.

It is recommended that bank reconciliations are carried out at least quarterly to ensure Show accounts match bank records.