

AGENDA ITEM 14

REPORT BY THE INTERNAL AUDITOR TO ST CUTHBERT'S WITHOUTH PARISH COUNCIL FINANCIAL YEAR ENDING 31 MARCH 2019

The Local Audit and Accountability Act 2014 and The Accounts and Audit (England) Regulations 2015 requires a Council to publish, as soon as reasonably practicable, after the conclusion of the audit, a statement on the website that the audit has been completed.

The clerk has undertaken the requirement and the Annual Governance and Accountability Return, (AGAR) with all attendant information was publicly displayed upon receipt from the External Auditor – 27th September 2019, on the Council notice board and website, ensuring compliance with all aspects of the Regulations.

The Council received an unqualified audit report from the External Audit. It is confirmed the Accounts and all governance documents fulfilled the requirements of the Account and Audit Regulations.

The Council duly received notice of the completion of Audit at the Meeting held on 27th September 2019 Minute No.53.5

I confirm I have on the 1st May 2019 undertaken an internal audit for the period 1st April 2018– 31st March 2019 in accordance with the Account and Audit Regulations (England) 2015 as outlined in the relevant sections of “Governance and Accountability for Local Councils” A Practitioners’ Guide (England) March 2018.

I report as follows:-

1. Proper Bookkeeping

The Council operates Receipts and Payments Accounts as required by the Regulations. The Cashbook is maintained and up to date. There were no arithmetical errors and there is a clear audit trail and a checking system for data input into the computerised records. All records are backed up regularly on the Cloud and hard drive copy is securely locked in fireproof storage.

2. Standing Orders/Financial Regulations/Transparency Code.

The Council reviewed and adopted Standing Orders and Financial Regulations (Minute No.18/11 at the Council Meeting held on 24th May 2018.

All information to comply with the Transparency Code has been published on the Council website.

3. Invoice procedure

There is a clear audit trail from the financial records, supported by invoices and all payments are authorised and duly recorded in the minutes.

A random sample of expenditure was checked for accuracy and compliance with Financial Regulations and the principles of Best Value.

4. VAT

Vat has been recorded and a sum of £1633.00 identified for the period 1st.April 2018 to 31st March 2019, which is confirmed, for accuracy for the corresponding VAT heading in the Cashbook.

5. Sct 137 Payments

The Council has a statutory requirement to maintain 'a separate account' of expenditure under Local Government Act 1972 section 137 by the inclusion in the cashbook of a separate accounting column.

No expenditure has been incurred under this power.

6. Risk Management

The Council reviews all risks to which the council is exposed. A review was undertaken and the Risk Assessment documentation adopted at the meeting held on 24th January 2019

Minute No. 85

7. Internal Financial Controls

There is clear evidence by checks, dates and signatures on relevant documents e.g. invoices, financial statements, schedule of payments, bank reconciliations and chequebook stubs that the Council is in control of the use of public monies.

8. Register of Interest

Members have duly completed the Register of Interests and fulfilled their obligation to update the details annually.

9. Budgetary Control

A correct budget process is in place and the budget is monitored quarterly.

The accounting method enables immediate identification of monthly and cumulative spends to each budget heading. The financial reports presented by the RFO enable the council to readily address any budget under/overspends and if necessary make the relevant virements.

10. Cash Balances at the Bank

It is a requirement of internal audit to express a view on whether the cash reserves of the council are adequate or excessive. The balance of cash held at the bank of £28207.68 as at 31st March 2019 is adequate to meet the future budgeted undertakings of the council and includes earmarked funds of £8500.00 which the RFO has cleared identified in the budget documentation

11. Income Controls

All income is properly recorded and promptly banked and adequate measures are in force to ensure security. No cash income

12. Petty Cash

The Council does not operate a petty cash system but the Clerk's expenses are reported to the relevant meeting and VAT if included is recorded to the appropriate budget heading.

13. Payroll Controls

All PAYE/NIC records are properly operated and up to date with all returns being made to HMRC to meet time scales. Payroll is undertaken externally and accuracy verified by the Clerk/RFO

14. Asset Control

There exists an extensive register of all material assets in control of the Council. The register is up to date and records all assets. Community assets are recorded at the nominal value of £1 as required by the Audit Regulations.

15. Bank Reconciliation

Bank statements are reconciled to financial records on receipt of monthly bank statements.

16. Year End Procedures

The accounts are compiled on a Receipts and Payments method as required by the Audit Regulations

I confirm that St Cuthbert's Without Parish Council is fully compliant with all regulations and statutory undertakings.

I conclude and report that the Clerk/Responsible Financial Officer (RFO) has maintained a high standard of recordkeeping, which has simplified the audit process. The Council's control systems are efficient and effective and give the appropriate level of confidence, that the financial statements and reports reflect a true and accurate account of the Council's finance and governance records.

Following discussions with the Clerk/RFO it was agreed that the following recommendations if implemented would assist in achieving improved accuracy of records and greater clarity for the Council and the public.

RECOMMENDED that the Clerk/RFO presents to the Council for adoption the NALC model Financial Regulations modified to suit the requirements of St Cuthbert's Without Parish Council.

REASON to ensure compliance with recent legislation and adherence to Transparency Legislation.

RECOMMENDED that the Council adopts the practice of requiring a signature (not the chairman or cheque signatory) on the respective bank statement to verify the bank reconciliation

REASON to ensure compliance with Financial Regulations 2 – 2.2

RECOMMENDED that the Clerk/RFO modifies the Asset Register to reflect current practice.

REASON to ensure accurate recording of historical cost, acquisitions and disposals and ensure a detailed audit trail.



**Georgina D Airey –Internal Auditor.
1st May 2019.**