

SUBJECT: Internal Audit Report for the Financial Year 2019 to 2020

TO: Cleeve Parish Council

FROM: Clerk of Kenn Parish Council

DATE: 27 May 2020

In completing the Annual internal Audit Report section (*page 4*), I have carried out the following:

- An inspection of the account for the year 2019/20.
- Cross referenced these with the minutes of and reports to the Parish Council against the Parish Council's bank statements, invoices, receipts and cheque books, Payroll records etc.
- Checked the brought forward figures from the 2018/19 against those recorded in the 2019/20 return.
- Also checked the Parish Council's transparency regarding their web site.

Response	Required Control Objectives	Internal Audit Observations
A Yes	Appropriate accounting records have been kept properly throughout the year.	The accounting records have been improved and are kept properly – there were a few omissions and minor errors between reporting to a meeting and the final account records.
B Yes	This authority complied its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<ul style="list-style-type: none"> • For policy I referenced Cleeve PC's Financial Regulations on their website. • Cross referenced minutes for approval, with the invoices, documents and statements etc • VAT was easy to identify in the accounts as it is in a separate column. VAT reclaims were being made. • I found most of the minutes related to any expenditure or grant giving, but details provided about the decision are limited.
C Yes	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<ul style="list-style-type: none"> • Risks assessed annually in May and results recorded. • See section D about budget monitoring. • More minuted detail regarding decisions on large expenditure, eg Lyons Bowe planning letter cost, would be appreciated.
D Yes	Precept or rates requirement resulted from an adequate budgetary process; progress against the budget is regularly monitored; and reserves were appropriate.	<ul style="list-style-type: none"> • Finance information was provided for Cleeve PC to prepare its budget for 2019/20 – but I could find no recorded of the final decision on the precept amount agreed in the minutes. However, this has been remedied for the 2020/21 precept. • Also I could find no evidence of regular monitoring against the agreed budget for the year. • Suggest that, at least quarterly, an item is put on the agenda to review the budget, to ensure that agreed expenditure is still within the limits included in the budget.
E Yes	Expected income was fully received, based on correct prices, properly recorded, banked; and VAT was accounted for.	Income was properly recorded. I crossed referenced; minutes for reporting of receipts, along with checks against bank statements, accounts and remittance documents.

F n/a	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	<ul style="list-style-type: none"> • Petty cash payments are not used. • The Clerk applies for refunds of expenditure and supplies a breakdown of these. Limited number of receipts to support these noted. • VAT for these purchases reclaimed.
G Yes	Salaries to employees and allowances to members were paid in accordance with this smaller authority's approval, and PAYE/NI requirements properly applied.	<ul style="list-style-type: none"> • Checked minutes for approval of payments and decisions related to salary increases. • Also copies of HMRC's Basic Tools reporting are included in the docs for audit reference.
H Yes	Asset, investments registers were complete, accurate and maintained.	Improvements have been made in recording the Assets Register.
I Yes	Periodic & year-end bank account reconciliations properly carried out.	I checked and found evidence of regular bank reconciliations being undertaken.
J Yes	Accounting statements prepared on the correct accounting basis (receipts and payments or income expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	<ul style="list-style-type: none"> • Receipts and payments basis applied and could be audited. • There were a couple of mismatches at the beginning and end of the financial year. One item for the 2018/19 year paid and recorded in the 2019/20 and one item for the 2010/21 year (ALCA subs) recorded in the 2019/20 year.
K Yes	If the authority certified itself as exempt from limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself except.	Using the budget sheets provided for the supporting the 2018/19 Annual Governance and Accountability Return, as far as I could ascertain this was correct.
L Yes (?)	The authority has demonstrated that during the summer of 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	I found no positive proof that this had been demonstrated or advertised, either as a copy of a noticeboard notice or on the website, so therefore I am making an assumption that it was complied with.
M n/a	Trust Funds – The Council met its responsibilities as a trustee.	

The Clerks' Audit Panel agreed to focus, during the usual audit checks, on a particular Parish Council issue each year – this year it is Minutes and Recording of Meetings (next year Staff Records.) I have made some observations relating to this within the table above but also:

- As an example of these procedures, I checked the arrangements for assessing, approving and recording decisions relating to grant applications – I noted there is a form to be completed by the applicant, but I could not tell from the records contained in the minutes if council members had been provided with this, or a summary of this, for their decision making.
- When trying to ascertain if Kidz Corner School Assoc provided a local service or not – if not should it have been a Section 137 – nothing relating to this was recorded, no documents were available in the invoices/accounts paid. I carried out a web search on the grant applicant but could not resolve this.

I note a lot, but not all, (eg budget monitoring) of the recommendations made by the 2018/19 internal audit have been implemented.

Except for a few items identified in this report, based on my checks, as carried out and reported above, in my opinion the Council's accounts for the Financial Year 2019/20 have been managed and present a fair and accurate picture of the Parish Council's activities.

Internal Audit conducted by: Eleanor Wade, Kenn Parish Clerk

Signature:..... Dated:.....27 May 2020.....