

INTERNAL AUDIT REPORT 2018 / 2019

For

Cleeve Parish Council

In relation to completing the Annual Internal Audit Report 2018/19 as found in the Annual Governance and Accountability Return (AGAR), I have carried out the following:

- An inspection of the accounts for the year 2018/19.
- Cross referenced these with the Minutes of, and reports to the Parish Council against the Parish Council's bank statements, invoices, receipts and chequebooks, and payroll records.
- Assessed the Fixed Assets register and Insurance provision.
- Checked the brought forward figures from the 2017/18 return against those recorded in the 2018/19 return.
- Checked the Parish Council's compliance with the Transparency Code with their website.

Response	Internal control objective	Internal Audit observations
A YES	Appropriate accounting records have been properly kept throughout the financial year.	<p>1. One combined cash book has been maintained for the two bank accounts held by the Parish Council.</p> <p>2. The closing cash book balance did not balance as a result of a formula error within the spreadsheet.</p> <p>3. The dates recorded in the cash book were not always the cheque date but rather the invoice date.</p> <p><i>RECOMMENDATIONS suggested, see below.</i></p>
B YES	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<p>1. Documentation is not filed in sequential order. In some cases, documentation supporting a payment could not be found.</p> <p>2. Evidence of the decision to spend can be traced to the council's Minutes, however, insufficient information is recorded.</p> <p>3. VAT is accounted for in a separate column in the cash book and is reclaimed accurately and timeously.</p> <p><i>RECOMMENDATIONS suggested, see below.</i></p>
C YES	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>Risks assessed regularly and evidenced in the Minutes.</p> <p><i>RECOMMENDATION suggested, see below.</i></p>
D NO	The precept resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<p>1. It is unclear from the evidence provided that the level of Precept required was decided based on a clear budget of expenditure.</p> <p>2. The budget published on the Council's website does not match with the budget provided for this audit.</p> <p>3. There is no record of the setting of the</p>

		Precept in the Council's Minutes. 4. There is no evidence that expenditure was monitored against a budget during the year. 5. There is no evidence that reserves are monitored and managed. <i>RECOMMENDATIONS suggested, see below.</i>
E YES	Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	All income was properly recorded, however, paperwork supporting receipts was not provided. <i>RECOMMENDATION suggested, see below.</i>
F N/A	Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	NOT COVERED – no Petty Cash in operation.
G YES	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	Salaries are calculated and paid in line with the Council's instruction and PAYE is properly calculated and paid with a record of both in the Minutes.
H NO	Asset and Investments registers were complete and accurate and properly maintained.	1. Not all assets contained in the register are valued. 2. Additions and disposals are not recorded. <i>RECOMMENDATIONS suggested, see below.</i>
I YES	Periodic and year-end bank reconciliations were properly carried out.	Evidenced and checked.
J YES	Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate, debtors and creditors were properly recorded.	1. The Receipts and Payments basis of accounting was applied and there was a clear audit trail from source document to cash book to bank statement. 2. The recording of a cancelled cheque was not complete. <i>RECOMMENDATION suggested, see below.</i>
K N/C	IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt.	NOT COVERED – Cleve Parish Council opted to have a limited assurance review of its 2017/18 AGAR.
L N/A	During Summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.	NOT APPLICABLE – pre-ticked box.
M N/A	Trust Funds – The council met its responsibilities as a trustee.	NOT APPLICABLE.

RECOMMENDATIONS:

A.1 *RECOMMENDATION:* A separate cash book should be kept for each of the separate bank accounts.

- A.2 **RECOMMENDATION:** Insert a balancing formula into the worksheet to assist in identifying errors.
- A.3 **RECOMMENDATION:** As the Parish Council operates under the "Receipts and Payments" method of Accounting, the dates recorded should be the date payment was made or received.
- B.1a **RECOMMENDATION:** Ensure that supporting documentation is kept in sequential order (based on cheque number) and that the documentation is kept free of other paperwork unrelated to the payments.
- B.1b **RECOMMENDATION:** Ensure there is supporting documentation for every payment and that this documentation is dated, shows the amount paid and records both the cheque number and the date the payment is made.
- B.2 **RECOMMENDATION:** Ensure the Minutes record the proposer, seconder and decision of the members together with a clear statement of how much is to be spent and for what purpose.
- B.3 **RECOMMENDATION:** VAT on expenses reimbursed to both the Clerk and Councillors can be reclaimed. The unclaimed VAT for FYE 2018/19 should be added to the next VAT claim submitted.
- C **RECOMMENDATION:** The recommendations contained within the Internal Audit Report 2017/18 have not been fully implemented and the Council is advised to consider those recommendations once again.
- D.1 **RECOMMENDATION:** A budget, clearly showing categories of expenditure, should be produced annually and approved at the January meeting of the Parish Council. It is advised a copy of the approved budget for the following financial year be attached to the relevant Minutes. This budget should form the basis upon which the Precept requirement is determined, taking into account current and required levels of reserves and other anticipated income.
- D.2 **RECOMMENDATION:** All draft budgets should be destroyed and the final approved budget published on the Council's website.
- D.3 **RECOMMENDATION:** Ensure the Minutes record the proposer, seconder and decision of the members together with a clear statement of how much Precept is to be requested.
- D.4 **RECOMMENDATION:** Regular monitoring of expenditure by category against the budget should be carried out.
- D.5 **RECOMMENDATION:** Include the calculation of the level of general and ear-marked reserves within the budget and monitor this for appropriateness annually.
- E **RECOMMENDATION:** Keep evidence of receipts such as paying-in slips, remittance advices received.
- H.1 **RECOMMENDATION:** All assets should be valued at purchase price, if known. The value of assets where the purchase prices are not easily attainable, should be determined by resolution of the Council and recorded as such.
- H.2 **RECOMMENDATION:** The Asset Register should contain itemised details of all additions and disposals as well as the purchase / disposal date. In addition, the purchase date, description, location and value of all assets should be itemised and shown in the Asset Register.
- J.2 **RECOMMENDATION:** Ensure that documentation for cancelled cheques reflects the fact that the payment was cancelled, cheque stubs are amended and the cash book records the cancellation. In addition,

if the cancellation is as a result of a cheque lost in the post, provide evidence that the cheque was stopped through the bank. If the cancellation is for other reasons, retain the original cheque crossed through and cancelled.

TRANSPARENCY CODE COMPLIANCE:

The Council complies with the Transparency Code in that the Minutes are published on a freely-accessible website. Component parts of the AGAR 2017/18 are available to view on the website, with the exception of the explanation of variances.

RECOMMENDATION: Upload documents in pdf format in order to eliminate the possibility that data contained within the documents can be altered.

Based on my checks, carried out and reported as above, in my opinion the Council's accounts for the Financial Year 2018/19 present a fair and accurate picture of the Parish Council's activities.

Internal audit conducted by: Joanna van Tonder
Clerk to the Barrow Gurney and Brockley Parish Councils

Date: 25 April 2019