

**AUDIT REPORT BY THE INTERNAL AUDITOR
TO PARTON PARISH COUNCIL
PERIOD 1ST APRIL 2019 – 31ST MARCH 2020
FINANCIAL YEAR ENDING 31 MARCH 2020**

Introduction

The Parish Council has a statutory responsibility to provide an adequate and effective Internal Audit by engaging an Internal Auditor ensuring “competency and independence from the Council”. The role of the Internal Auditor is to provide an independent review and appraisal of the Council’s system of internal control.

Responsibilities

Internal Auditor

The Internal Auditor will fulfil the obligations to the council by

- undertaking a review of all internal financial and governance documents in accordance with “Governance & Accountability for Local Councils” Part 2.74
- submitting a report to be presented to Council detailing findings
- recommending measures to ensure compliance with the Account & Audit Regulations as amended at the time.
- signing the assurance document in the Annual Governance and Accountability Return. (AGAR)

Council

The Accounts and Audit Regulations 2015, Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities requires that a Council **must** make arrangements for the exercise of public rights

- on completion of approving the sections in the AGAR publish, on notice board/s and **on a website**, the relevant documents as specified in regulations for a period of 30 days, one day prior to the statutory period which must include 2nd to 13th July.

Responsible Financial Officer (RFO)

To ensure the Council can fulfil its statutory obligations the RFO must.

- prepare expediently the Annual Statements of Accounts for the financial year ending 31st March.
- present the accounts and the completed Section 1 and 2 of the AGAR. All of which must bear his/her signature prior to presentation
- ensure The Annual Governance Statement is approved at a full council meeting prior to approving the Accounting Statements, at the same or subsequent meeting.
- ensure all approvals are recorded in the minutes and completed before 30th June in the financial year.

- Confirm at the appropriate times all publication requirements have been publicly displayed.
- Include on the agenda the completion of audit report and any matters arising and subsequent publication completion. (If appropriate or required)

The Local Audit and Accountability Act 2014 and The Accounts and Audit (England) Regulations 2015 requires a Council, having signed the Certificate of Exception, to publish the requisite documents on a website prior to 2nd July in the relevant year.

I confirm I have, on the 17th August undertaken an internal audit for the period 1st April – 2019 - 31st March 2020 in accordance with the Account and Audit Regulations (England) 2015 and incorporating any new requirements as outlined in “Governance and Accountability for Local Councils” A Practitioners’ Guide (England) March 2019

To comply with Government guidance and social distancing regulations during the Covid 19 pandemic the Audit was conducted by examining documents sent by e-mail by the Clerk, information displayed on the Council website – and the Clerk providing additional information, for clarification, in response to queries.

1. Proper Bookkeeping

The Council operates Receipts and Payments accounts as required by the Regulations. The core accounts record receipts and payments under specific budget headings allowing immediate identification of spending in each budget sector. All data is backed up to an external hard drive.

2. Financial Regulations, Standing Orders,

The NALC model documents were used to draft Financial Regulations. Standing Orders have been tailored to the requirements of the Council. The documents were received, approved and adopted at the following meetings
Standing Orders – 13th November 2019
Financial Regulations – 9th October 2019

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 check was made of all payments to date above £1000. Confirmation was given that good practice exists to ensure that expenditure is monitored to ensure all are competitively purchased and the Council adheres to the principle of Best Value.

4. VAT

VAT has been identified on purchases for the period 1st April 2019 – 31st March 2020 -£591.44 which is verified by the core accounts.

5. Sct 137 Payments

The RFO has identified and recorded in the accounts Sct 137 payments amounting to £1065.00

6. Risk Management

It has not possible to verify the existence of a current Risk Assessment Document. However evidence of the Council addressing risks exists within the Council minutes. This can be explained by a change of Clerk during the current financial year and the

inability to locate various documents.

The Clerk is aware of the annual requirement to review the risks to which the Council might be exposed and to take appropriate action to minimise those risks. Draft documents will be produced and submitted to Council for review and adoption during the 2020/21 financial year.

7.Minutes/Internal Financial Controls

The Minutes clearly documents the activities of the Council and there is no evidence of unusual financial activity. The minutes are numbered and verified as a true record by the signature of the chairman, with date, on the final page.

8. Register of Interest

Members have duly completed the Register of Interests and fulfilled their obligation to keep it updated.

9. Budget Control

A correct budget process is now in place and the budget is regularly monitored. Forecasting over-budget spending identifies variances, which are addressed by virements or transfers from cash reserves.

10. Cash Balances

It is the role of the Internal Auditor to express an opinion on the adequacy of retained cash balances. Audit guidance advises a level of three to six months expected expenditure.

The cash balances at the bank of £8889.37 are considered adequate to fulfil the budgeted obligations of the Council.

11. Income Controls

All income is recorded and promptly deposited at the bank.

12. Petty Cash/Clerk's Expenses

The Council does not operate a Petty Cash Account.

All spending under Clerk's Expenses is notified to and approved by Council Sums drawn are allocated to the appropriate budget head and VAT identified and claimed if appropriate.

13. Payroll Controls

All PAYE/NIC records are up to date and submissions to HMRC are made in real time online.

14. Asset Control

The Asset register records all acquisitions and disposals throughout the year (if appropriate).

15. Bank Reconciliation

Bank Reconciliations are to be carried out on receipt of bank statements and to accurately portray the financial position of the Council. The signature of a member

on the respective bank statement is required to confirm verification of the information presented by the RFO.

Conclusion

I confirm that Parton Parish Council is fully compliant with all statutory obligations under the Account and Audit Regulations and the Transparency Code.

In concluding the report I acknowledge the assistance of the Clerk/RFO for her telephone assistance with queries and the thorough preparation and availability of all documents, either by e-mail or on the website, which expedited the audit process as a result of accurate and transparent records.

I wish to extend my best wishes to all Council members and the Clerk who continue, in these difficult circumstances, to represent the community and undertake their respective roles

A handwritten signature in black ink, appearing to read 'Georgina D Airey', with a stylized flourish at the end.

Georgina D Airey
Internal Auditor – 17th August 2020