

**Mrs Anne E. Barnes FSLCC**  
**Internal Auditor**  
**79 Caistor Lane**  
**Caistor St Edmund**  
**Norwich**  
**NR14 8RB**



May 22, 2020

Mrs A. Rose

Clerk to Stoke Holy X Parish Council

37 Brickle Wood Avenue

Poringland

Norfolk NR14 7TS

Dear Chairman and Councillors,

**Internal Audit Report to Stoke Holy X Parish Council for Year Ended 31 March 2020**

**For the Attention of the Council**

**A. Appropriate accounting records have been properly kept throughout the financial year.**

I have inspected the Council's records to 31st March 2020. I have examined your cashbook and found it to be well maintained and up to date, correct and with regular bank reconciliations. I have also examined your invoices, cheque books, paying-in books, bank statements and compared these to your Receipts and Payments account.

I note that your accounts with Nat West Bank were closed during the financial year and new accounts were opened at Barclays Bank plc.

**A transfer between bank accounts has been included in the total payments. I have advised the Clerk to remove this from the payment account.**

**B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.**

I have examined your invoices as presented to me and note that they have been approved by the Council and VAT was properly accounted for with HMRC but the VAT on credits has not been recorded on the payments account.

**I have advised the Clerk to include the VAT on credits.**

**C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

**Standing Orders and Financial Regulations adopted and Applied**

I note that your Standing Orders have been adopted and Financial Regulations were reviewed in February 2020 and have been adopted.

**Risk Management Arrangements**

I note that your Risk Assessments and Financial Risk Assessments have been reviewed in 2019. I have also examined your Risk Assessments, Internal Control Policy and other policies.

I note that all cheques are signed by two councillors and all invoices are authorised before payment.

**I have made a couple of suggestions regarding your next reviews of Health & Safety Risk Assessments and the Financial Risk Assessment.**

**Insurance**

I have noted the Council's insurance with AXA through Came & Co. was renewed on 10 September 2019 and reviewed to ensure the insurance cover is adequate.

**D. The Precept or Rates requirement resulted from an adequate budgetary process; progress against the Budget was regularly monitored; and reserves were appropriate.**

I have had sight of the Budget for 2019/20 and Budget 2020/21 and confirm that the Precept was agreed through an adequate budgetary process. The budget was reviewed against actual and reserves are appropriate.

**Section 137**

Section 137 Expenditure has been separately recorded in the cashbook and is within your statutory limits.

**E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**

**Income Controls**

I note that all income is recorded and banked properly, and the Precept agrees with the Parish Council's notification to the Council Tax authority. The Parish Council has very few cash transactions and adequate controls are in place to minimise any loss.

### **VAT Payments Controls**

I confirm that all VAT expenditure has been recorded separately and reclaimed at regular intervals. The amounts of VAT are correct and agree with the accounts.

**F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.**

### **Petty Cash Procedures**

I note that the Parish Council does not operate a petty cash system.

**G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.**

### **Payroll Controls**

I have examined the PAYE records for staff and the Clerk's Salary and expenses records. The staff's salaries and expenses have been approved by the Council and PAYE and NIC have been properly operated by the Council as an employer.

Contracts of Employment and Job Description has been examined and are appropriate for the job. The Clerk has been paid in accordance with the salary scales in her contract.

I note that the Clerk is to join the Pension Scheme in 2020.

**H. Asset and investments registers were complete and accurate and properly maintained.**

### **Asset Controls**

I have examined the Council's Asset Register which is complete and accurate and has been properly maintained.

**I. Periodic and year-end bank account reconciliations were properly carried out.**

### **Bank Reconciliation**

I have examined the Bank Statements and the Receipts and Payments Book and confirm that there is a Bank Reconciliation for each account. The reconciliation is carried out monthly and explanations entered for any un-reconciled amounts or

outstanding cheques. The total value of the investments is summarised on the reconciliation.

- J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.**

**Year-End Procedures**

I can confirm that the year-end accounts are prepared on a Receipts and Payments basis and that the accounts agree with the cashbook with an appropriate and adequate audit trail.

- K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick “Not Covered”)**

The authority has not certified itself as exempt from a limited assurance review in 2019/20.

- L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.**

I have examined your website and confirm the authority published its notice for the Exercise of Public Rights.

- M. (For Local Councils Only) Trust Funds (including charitable) – The council met its responsibilities as a trustee.**

The Council has no trust funds.

## **Matters for the Council's Attention**

I would like to mention the points below for action:

- 1. A transfer between bank accounts has been included in the total payments. I have advised the Clerk to remove this from the payment account.**
- 2. I have advised the Clerk to include the VAT on credits.**
- 3. At your next review of the Health & Safety Risk Assessment you should consider risks associated with a pandemic outbreak such as we are experiencing at present.**
- 4. At your next review of the Financial Risk Assessment you should consider the following risks**
  - associated with a pandemic outbreak such as we are experiencing at present and what provision you will make to ensure financial security (virtual meetings)**
  - include the risk of losing staff members due to departure / ill-health / death (appointing contractors / locum workers)**
  - include loss of property through damage or loss (hiring equipment)**
  - include loss of CIL (failure to spend within the time limits / effect on projects).**

Your Clerk's accounts are excellently presented in a clear and precise manner and I would like to thank her for her help and co-operation in preparing for the Internal Audit.

Yours sincerely,

Mrs A.E. Barnes FSLCC