

ALDINGBOURNE PARISH COUNCIL - Internal Audit Report for year ended 31.3.19

INTRODUCTION

An internal audit of the parish council's financial records for the year 2018/19 has recently been completed.

Regulation 5 of the Accounts and Audit Regulations 2015 (The Regulations) requires that:

- The parish council shall undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance, and
- Any officer or member of the parish council must, if required to do so for the purposes of the internal audit:
 - Make available any records or documents as appear necessary for the purpose of the audit; and
 - Supply such information and explanation as are considered necessary by those conducting the internal audit.

Regulation 11 of The Regulations requires that the parish council, having gross income or expenditure (whichever is the higher) of not more than £200,000 for the year or for either of the two immediately preceding years, the statement of accounts may take the form of a record of receipts and payments of the authority in relation to that financial year. A record must be prepared in accordance with, and in the form specified in any annual return required by, proper practices in relation to accounts.

Taking the above in to account, an internal audit has been undertaken for the year ended 31st March 2019. The objective of the audit was to determine whether the accounting arrangements, controls, records and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions to comply with all relevant legislation and best practice.

SCOPE

Sample testing was carried out and reviewed the accuracy and appropriate preparation/ use of the following:

- Receipts and Payments analysis for the year ended 31.3.19
- Bank Statements and Reconciliation,
- Cheque Stubs,
- Agenda's and Minutes,
- Source Documentation re Payments

FINDINGS and RECOMMENDATIONS

- 1) In accordance with previous years internal audit report, it is essential that priority be given to updating signatories and gaining access to the bank accounts in respect of the 'Cannon Jolly' and 'Sportsfield Capitalisation' accounts (which account for £7,370 of the Council's Balances in this year's return). No documentation has been seen to support the balances shown for these accounts as, due to signature changes going back some considerable time, records are not currently accessible by the Council. It is understood that these accounts have arisen due to land given to the

Council, and that interest is accrued on these accounts each year. This inability to verify balances is a significant ongoing weakness and one which the Council must prioritise to ensure it is clarified during the 2019/20 financial year.

- 2) Once again in accordance with last year's internal audit report, it is still recommended that work be undertaken to set up online banking to enable 'surplus' funds to be transferred from the current account (which attracts no interest) to a suitable interest yielding account. This work could also usefully encompass setting up a BACS payment facility to streamline the process for payment of suppliers. Should any such changes be made, the Council must ensure their Scheme of Financial Delegation is suitably updated to reflect this.
- 3) Upon sampling a cross section of payments made from the account, all those selected had appropriate invoice documentation, were formally agreed for payment through committee, and were initialled by two Councillor signatories on the cheque stubs, with the exception of Cheque 102833 for £120 for which no agreement by committee was traced.
- 4) The valuation for fixed assets and long-term investments remains at £66,872, as declared for the previous two financial years. These are based on previous insurance valuation figures, and no known material amendments are believed to have occurred to affect these asset values. However, it is recommended that the valuations be reassessed during 2019/20 to ensure that an updated valuation is included in the Authority's financial return to 31.3.20.

SUMMARY AND OPINION

In the course of carrying out this audit, no major matter has come to my attention that gives me reasonable cause to believe in any material respect that the regulatory requirements have not been complied with. However, the inability to verify the material balances relating to the Cannon Jolly and Sportsfield Capitalisation accounts is of significant concern and should be resolved as a matter of urgency.

With this exception however, the accounting arrangement, procedural controls, records and documentary evidence appear to be satisfactory and to accurately report the council's financial position.

VICKY CHUTER FCCA

12th November, 2019