

BARNHAM & EASTERGATE PARISH COUNCIL

INTERNAL AUDIT REPORT

FOR THE YEAR ENDED 31 MARCH 2021

INTRODUCTION

An internal audit of the Parish Council's financial records for the year 2020/2021 has recently been completed. The audit included all financial transactions for the period 1 April 2020 to 31 March 2021 inclusive.

The audit was undertaken in compliance with the requirements of the Accounts and Audit (England) Regulations 2015, and in accordance with the agreed and accepted Audit Plan.

Regulation 3 of the Accounts and Audit (England) Regulations states that the Parish Council must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk

Regulation 5 of the Accounts and Audit (England) Regulations states that the Parish Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and any officer or member of the Parish Council, if required to do so for the purposes of the internal audit shall -

- (a) make available such documents and records; and
- (b) supply such information and explanations;

The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

SCOPE

The audit included examination of the receipts and payments account for the period, review of the cash book payments and receipts, review of bank statements, review of supplier invoices, review of receipts, review of fixed asset register and insurance policy, review of agendas and minutes of meetings, review of budgets, review of payroll, and confirmation that bank reconciliations and reports are prepared regularly and reviewed at meetings of the Parish Council.

FINDINGS

- 1) The Clerk uses Excel spreadsheets to record the Parish Council's income and expenditure
- 2) Monies paid and received during the year have been accurately recorded
- 3) Correct procedures are followed with regards to authorising invoices for payment
- 4) Annual budgets are prepared to support the precept payment, and variance analysis is undertaken and reported regularly at Parish Council meetings
- 5) VAT was not recorded on several expenses on the spreadsheet as follows:-
 - a) 20/05/20 Play Inspection £35.00
 - b) 10/08/20 David Phillips reimbursement £40 (invoice was addressed to the PC)
 - c) 29/12/20 Opus Energy £1.45
 - d) 26/01/21 Opus Energy £5.94
 - e) 22/03/21 ADC dog bins £11.05

Total under declared £93.44

- 6) The annual return recorded fixed assets at insurance value. Current guidance states that fixed assets should be recorded at cost, or insurance value if cost isn't known. The value should only be increased or reduced by additions and disposal (at cost price). During the year the Parish Council purchased new desks / chairs and cupboards. There were also major works to the buildings, including replacement windows and heating systems. The value to include on the AGAR needs to be changed to reflect the additions in the year, and remove the items that were replaced
- 7) The clerk's salary was overpaid by £20 in August 2020, and by £30 in October 2020 (comparing bank payments to the payslips)
- 8) The variance analysis sheet needs to have explanations for the decrease in other receipts and the increase in other payments.

SUMMARY AND OPINION

One of the functions of internal audit is to give assurance to members of the council that the financial systems are operating correctly, and can be relied upon.

In connection with my examination, and having regard to the items reported herewith, no 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.

The accounting arrangements, procedural controls, records and documentary evidence are considered to be satisfactory, and accurately record the Council's financial position.



Rachel Hall (ACA)

6 May 2021