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14th December 2018

The Chairman
Cringleford Parish Council

Dear Sir,

Interim Internal Audit for the year ended 31st March 2018

I thank the Council for re-appointing me to carry out the internal audit for the 2019 accounts. I remind you that, according to the Local Councils' Governance and Accountability Guidance, the purpose of internal audit is to review whether the systems of financial and other control are effective; neither the internal nor the external auditor can be expected to look for fraud. I do not give an opinion on the accounts, I am required to review controls and give recommendations.

I attended the Parish Council offices on 3rd December 2018 and carried out the following work on the Council's books and records as interim audit:

1. Proper Bookkeeping:

- checked a sample of payments from the nominal ledger to invoices, including all large amounts, ensuring VAT separated appropriately
- compared a sample of receipts to supporting documentation, including precept and CIL receipts

2. Financial Regulations:

- Financial Regulations were reviewed by the Council in May 2018
- Standing Orders were reviewed in May 2018
- the Review of Internal Controls was done in May 2018

3. Risk Arrangements:

- reviewed minutes for unusual items
- the risk assessment is reviewed regularly by the Finance Advisory Group

4. Budgetary Controls:

- a review of actual spending to budget figures is presented at each meeting, signed to indicate acceptance of the figures and filed with the signed minutes
- a list of payments is presented at each Council meeting, signed to indicate approval and filed with the signed minutes
- signatories initial a grid stamp on each invoice to confirm that payment may be made

- signatories initial the cheque stubs to confirm that they have signed the relevant cheque

5. Income Controls:

- reviewed receipt of precept
- reviewed significant income during year
- there is an effective system in place for invoicing hirers of the Willow Centre

6. Bank Reconciliation:

- ensured carried out regularly
- checked bank reconciliation as at 31st October 2018 to bank statements

The above tests and review work showed the accounts are supported by invoices and receipts and are reconciled regularly to bank statements, and that the Council is actively involved in monitoring spending and income. I have discussed a few minor issues with Sonya.

I noted that most cheque stubs only have one set of initials, instead of two. The point of initialling the cheque stubs is that signatories are signing to say that the name entered on the cheque stub is the same as that on the cheque they have just signed.

Some of the grid stamps on invoices only had one set of initials. The initialling is to confirm approval for payment.

The Statement of Internal Control needs updating to reflect the controls that actually happen. For example, the Statement says that the “bank reconciliation is reviewed ... with reference to underlying records... and accounts papers..,” but the councillors are not provided with the cash book. I would suggest that it would be sufficient to say that the clerk’s reconciliation is compared to the relevant bank statements. I do not think it is a requirement that the councillors also check it to the relevant cashbook as the RBS system does that for you....

There is a small unpaid debt which is unlikely to be paid as I understand that the hirer has ceased trading. This should therefore be written off in the books.

I should like to take the opportunity to thank Sonya for her hospitality and for her assistance with the year-end paperwork. I have booked to return to carry out the final internal audit on 30th April.

Yours faithfully,

Pauline James

Pauline James BA,
Cert of Higher Education in Community Engagement and Governance