

# **WESTHAMPNETT PARISH COUNCIL**

## **INTERNAL AUDIT REPORT**

**FOR THE YEAR ENDED 31 MARCH 2020**

## **INTRODUCTION**

An internal audit of the Parish Council's financial records for the year 2019/2020 has recently been completed. The audit included all financial transactions for the period 1 April 2019 to 31 March 2020 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 payroll, review of agendas and minutes of meetings, review of budgets and confirmation that bank reconciliations and reports are prepared regularly and reviewed at frequent meetings of the Parish Council.

## **FINDINGS**

- 1) The Clerk uses Excel spreadsheets to record the Parish Council's receipts and payments
- 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 returns have not been completed since February 2017. The clerk records the VAT on the spreadsheet, but there were a few omissions, mostly relating to reimbursed expenses where you would need to calculate the VAT manually (gross x 20/120) – I have sent the clerk details of this
- 6) The annual payroll summary showed salary plus employers NI of £9,858.72, but the clerk was only paid £9,829.89 – an underpayment of £28.83
- 7) The fixed asset register has been prepared and correctly recorded the additions in the year, except that none of the community hall additions were included. These totalled £656,723.98 as at 31 March 2020 – there were further completion payments after the year end which will be included on next year's AGAR.
- 8) Councillors review financial information at each meeting, and confirm that invoices, cheque stubs and bank statements agree to items recorded in the cash book

## **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. The Clerk is very thorough, the cash book is well maintained, the filing system is easy to follow, and Council decisions are accurately minuted.

Rachel Hall (ACA)

16 August 2020

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