

Newton-upon-Rawcliffe and Stape Parish Council Internal Audit Report 2018/19

1. Introduction

The circumstances and timing of my taking over the 2018/19 internal audit for Newton & Stape Parish Council have necessitated a degree of compromise and assumption in order to meet timescales associated with the submission of the Annual Governance & Accountability Return. In particular:

- the initial appointment was inevitably somewhat informal given the pressing need to start preparations. It was subsequently ratified at a meeting of the Council.
- there has not been an opportunity to draw up a detailed letter of engagement and it is believed that the first appointment of my predecessor was before such a document was required by the regulations, so no previous version is available to inherit.
- the overriding objective of the audit has inevitably been to facilitate the signing off of the Annual Governance & Accountability Return (AGAR) in a timely manner.

2. Qualification for the role

I spent over 30 years in the financial services industry, and attained membership of the Chartered Institute of Bankers via examinations including a substantial component concerned with accounting. My positions included that of Senior Project Manager, with responsibility for the finances, risk controls and execution of significant and varied projects.

3. Audit Objectives

As indicated in the Introduction, the principal objective during the period between my initial meeting with the Parish Clerk on 3rd May 2019 and the final date for submission of the AGAR has been to evaluate responses to the specific questions incorporated within the return which I have to answer. Note that the applicable standard is "whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority."

The questions, with my notes where applicable, are:

A, Appropriate accounting records have been properly kept throughout the financial year,
Validated

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

A number of missing invoices have been identified by the Parish Clerk but I have been able to satisfy myself regarding the validity of the underlying transactions. Any missing approvals were addressed, albeit retrospectively, by the Parish Council's approval of the Cash Book at the meeting on 16/05/2019. I am therefore able to

validate this item.

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

An updated Risk Register is work in progress and given that I am happy to validate this item.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

A formal budgetary process has been implemented for the year under consideration. Validated.

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

Validated

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

Not applicable - no petty cash expenditure. I have therefore indicated that this item has not been considered as part of the audit.

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.

Validated, although there is further work to do in this area.

H. Asset and investments registers were complete and accurate and property maintained.

Asset register being reviewed and updated, although I am content that it provides an adequate picture. Investment register - not applicable.

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

Validated

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

Accounts prepared on a receipts & payments basis. Notwithstanding, it seems to me prudent that there should be a formal record of creditors & debtors and this will be addressed.

K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt.

Validated

4. Projects for 2019/20

The Parish Council has in view a number of significant projects to be undertaken in the next year, including:

- establishing title to and registration at HM Land Registry of the various parcels of land it owns (The Pinfold; East Brow Quarry etc.)
- moving to internet banking which may, sensibly, also involve a change of bank
- a review and updating of the records relating to Newton Cemetery

In each case the workload may prove to be substantial and before going ahead the

Council needs a) to be certain *that* it has, or can hire in, the necessary skills b) that there is a commitment to the time that will be required of Councillors and the Parish Clerk and c) that adequate budgetary provision has been made.

5. Next steps

1. Parish Council to draw up and approve a letter of engagement for future years in accordance with Governance and Accountability for Smaller Authorities in England 2018 section 4.15. This will probably draw heavily on the YLCA Internal Audit checklist.
2. I am putting together a list of the risk issues as I see them and will work with the Parish Clerk to prioritise them and seek to address them over time.
3. In the spirit of Internal Audit being an ongoing process, I propose initially holding quarterly review meetings with the Parish Clerk in addition to any other activity specific contacts.