

SANDHURST PARISH COUNCIL

INTERNAL AUDIT REPORT 2019-20

I am pleased to report to Members of the Parish Council that I have completed my internal audit of the Parish Council's records for 2019-20 and have been able to complete the Annual Internal Audit Report for the 2019-20 Annual Return.

Members should be aware that the audit tests that I undertook during the audit cannot be relied on to identify the occasional omission or insignificant error, nor to disclose breaches of trust or statute, neglect or fraud which may have taken place and which it is the responsibility of the Members of the Council to guard against through the Parish Council's internal control procedures.

Members will be pleased to know that I did not find anything major in my financial audit to report and that I found the record keeping to be of a good standard and the Parish Council's approach to the management of risks to be sound. As a result of my audit and my discussions with your Clerk I was able to answer 'YES' to all the relevant questions contained in the Annual Internal Audit Report.

The audit was carried out on 29 May 2020 and I would like to take this opportunity to thank your Clerk and RFO for all the assistance given to me in the conduct of the audit.

PREVIOUS AUDITS:

External Audit Certificate 2018-19:

The external Auditor's report for 2018-19 dated 18 September 2019 was qualified in respect of an asset omitted from the schedule and for an absence of risk review during the year. The report was taken to the Council at its meeting on 19 October 2019 and the minutes record the report as being "approved".

The Council (not a committee) is obliged by Regulation 20 Accounts & Audit Regulations 2015 to "consider any report from the external auditor". In the case at hand the qualifications made by the auditor are not addressed nor do the minutes record any action to be taken.

It should also be noted that the Annual Governance Statement includes the assertion that "We took appropriate action on all matters raised in reports from internal and external audit."

In order to comply with both Regulation 20 and the Governance Statement assertion the Council must show clearly that it has taken note of the matters raised and has made an appropriate response.

Internal Audit 2018-19:

I have noted that the Council acted on the recommendation made by my predecessor in respect of risk review and carried out such a review in December 2019.

FINDINGS THIS VISIT:

During the audit I carried out sufficient work to enable me to complete the Annual Internal Audit Report which included reviewing the minutes and checking the accounting records to payroll, VAT records, bank statements, cashbook to bank reconciliations and invoices/receipts files.

I found all the financial records to be accurate and up to date. There were no unexplained entries in the bank reconciliations. I did note that reclaims of VAT from HMRC had been journalled into the input VAT codes with the result that both Receipts and Payments in the accounts are understated by £5,186.95. I have discussed this matter with the Clerk and RFO and the Annual Accounting Statement will be amended to increase the entries in Box 3 and 6 each by £5,187.

I have noted that the cash account is no longer in use and had a nil balance at 31 March 2020.

When the Council meets to approve (and certify) the Annual Governance Statement and the Accounting Statement it should be aware that Regulation 6(4)(a) Accounts & Audit Regulations 2015 requires that the Governance Statement be approved before the Statement of Accounts. The minutes will need to be able to demonstrate that this is done.

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For 2018-19 it looks as though the Council had complied with Regulation 6(4)(a) but in practice the minute approving the Governance Statement 5/19/05 actually referred to the Annual Internal Audit Report form (AIAR). [The minute refers to answers A – M which the AIAR has, whereas the Governance Statement has assertions 1-9.] The Governance Statement was approved together with the Accounts Statement at the following meeting (minute 6/19/04) thus not complying with Regulation 6(4)(a).

I reviewed the budget process as part of my audit and concluded that it is broadly satisfactory. I have discussed with the Clerk and RFO that s49A Local Government Finance Act 1992 requires that as part of the budget process certain calculations be made to derive the council tax requirement for the year ahead. In addition s41(2) of the same Act specifies that the precept is the result of the calculation (or last calculation). In effect, approving the budget determines the precept. Should the Council wish to adopt a different precept it would need to redo its budget.

Other items discussed with the Clerk and RFO:

General Power of Competence – if adopted it applies until the next election regardless of changes in councillors or officers in the meantime.

Transparency Code – at the Council's level of turnover the Transparency Code does not apply. The Code applies to local councils with a turnover of <£25k (who can be exempt from the limited assurance review) and to those with a turnover >£200k but not to those whose turnover is between the two figures.

I have nothing further to report.

Lionel Robbins
Independent Internal Auditor
17 June 2020