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18 April 2019

Knockin Parish Council

Ladies and Gentlemen

I have been appointed as your Internal Auditor and am employed by the Council to conduct such tests as are agreed and are sufficient to enable me to complete the Internal Auditor's Report contained within the Audit Commission's Annual Return Form for the appropriate financial year.

My report this year is based on the Guide issued by the Joint Panel on Accounting Guidance (JPAG) in March 2017. Whilst the tests I have made are taken from the appendices of the 2014 version of the Practitioners' Guide, they are relevant to the various headings on the Annual internal audit report. I have again given my rationale for the answers given on that report.

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

Appropriate books of account have been kept properly throughout the year. A Cash Book is maintained, is up to date, regularly balanced and the reconciliation of the cash book balance and the bank statement is agreed by the council at each meeting. The books are made up to 31st March 2019 and were audited by me on 16th April 2019.

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

I checked the Income received and also the invoices paid. I tested a sample of the payment transactions and found them to be satisfactory. Where applicable, prior to authorisation, the invoice is checked by the Clerk. All cheques require two signatures, and the cheque signatories are required to check and initial the original invoice that they have assured themselves that the invoice is appropriate for payment and that the invoice and cheque are in agreement as to payee and value. From the samples checked, this is being done. VAT on payments has been identified and recorded separately. The Standing Orders were revised in 2014 and are reviewed annually at the May meeting of the Council (ref minute 7/18). The Financial Regulations were reviewed again and also adopted in May 2017 under the same minute reference, as were the other policies operated by the Council.

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

The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these during the year. The Risk Assessment policy has been discussed and approved by the council. The existing Insurance cover was reviewed under minute 10/18.f and runs from 1 June 2018 to 31 May 2019.

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

A budget was drawn up and was discussed and approved by the Council at their meeting on 29th January 2019. The budget was approved under minute 55/19.e and the Precept under minute 55/19.f. The unrestricted reserves of the Council are adequate. The budget is regularly monitored and duly minuted.

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

All income has been received, is properly recorded and promptly banked where applicable. The recorded precept agrees to the Council Tax authority's notification. The council does not deal in cash or near cash items. VAT has been properly accounted for and has been claimed up to 31 March 2019, and a claim has

been made. The refund for the previous claim to 31 March 2018 amounting to £824.32, was received on 3rd May 2018.

F. This authority does not operate a petty cash system.

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.

The existing clerk has a Contract of Employment, which is based on the NALC model. Salaries to the Clerk and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied and payments to HMRC are up to date.

H. Asset and investment registers were complete and accurate and properly maintained.

The council has an Asset register which is complete and accurate and properly maintained. It was reviewed on 8th May 2018 under minute 7/18. The council does not have an investment register as it has no investments.

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

Periodic and year end reconciliations have been carried out and there is evidence that this has been done and the reconciliations have been checked. As evidence see minute 10/18.

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.

Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, and supported by an adequate audit trail. At the year-end there are no unexplained balancing entries in either reconciliation, the year-end accounts have been prepared on the correct accounting basis (receipts and payments) and the value of investments held is not applicable. At the year end, there is an original bank statement for the current account and a reconciliation has been done.

Conclusion.

I have marked all the categories on the internal audit form as conforming to the required standard on the basis that under risk management there is little or no risk attached to the council from any of the comments I have made.

From my internal audit testing there is no evidence of any irregularities and I would like to thank the Clerk for the excellent way in which the accounts and other audit material have been prepared.

The points I have commented upon in my report come from the internal control testing appendix, and should provide the basis on which the council's own internal controls are set.

Yours faithfully



Bernard Townson
Internal Auditor
18th April 2019