

# Annual Internal Audit Report 2019/20


## CHAILEY PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on 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.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	YES		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			NOT COVERED *
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.	YES		
H. Asset and investments registers were complete and accurate and properly maintained.	YES		
I. Periodic and year-end bank account reconciliations were properly carried out.	YES		
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.	YES		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.			✓
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

\* CHAILEY PARISH COUNCIL DOES NOT MAINTAIN A PETTY CASH  
 For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 12/11/2019, 13/07/2020  
 Name of person who carried out the internal audit: STEVE BRENTNALL FIZE  
 Signature of person who carried out the internal audit:   
 Date: 13/07/2020

\*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

**INTERNAL AUDITOR'S REPORT TO CHAILEY PARISH COUNCIL**  
**for 2019/20**

1. I have carried out my Internal Audit function in accordance with the 'Governance and Accountability Guidance for Local Councils' (2014 edition) as in previous years. This has included making test checks on the Council's financial transactions and evaluating whether or not the Council's system of internal financial control is adequate for the purpose intended and effective. It has also included a review of how various risks facing the Council are being dealt with.

I made two visits to the Council during the financial year:-

First visit - 12<sup>th</sup> November 2019

Second visit – 13<sup>th</sup> July 2020.

2. I would like to thank the clerk, Bettina Newell, for the help and co-operation she has given me during both of my visits during 2019/20; the information and explanations that she supplied have assisted me in drawing my audit conclusions.
3. The work that I have undertaken has included making test checks on each of the ten objectives of internal control and seeking explanations and clarifications on the various procedures carried out by the Council. It has also included an examination of the minutes to identify some of the key issues currently faced by the council. I am satisfied that those issues are being dealt with in a professional way by the clerk.
4. The Council is now using the RBS accounting software to maintain the accounting transactions with effect from April 2019. The system seems to have bedded in well and I noted during my second visit that one or two initial errors have been corrected.
5. The 'Risk Management and Assessment' document has not been updated; this is evidenced in the minutes of recent council meetings. The 'Asset Register' has not been updated; this is also evidenced in the minutes of recent council meetings. I would recommend to Council that work to update both of these documents be completed before March 2021. It would appear that the clerk has not had the time to be able to deal with these issues, especially in view of the extra work required during the Covid-19 pandemic. My recommendation is that Council provide the clerk with the time to deal with these matters.
6. Apart from my comments in 4 and 5 above, during the course of my work, no matter has arisen which I would need to draw to the attention of the Members of the Council.