

# Annual Internal Audit Report 2018/19

## LEWANNICK 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 2019.

The internal audit for 2018/19 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.		✓	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			✓
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		✓	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			NO PETTY CASH
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.		✓	
H. Asset and investments registers were complete and accurate and properly maintained.		✓	
I. Periodic and year-end bank account reconciliations were properly carried out.		✓	
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.		✓	
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. ( <i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i> )	✓		
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

20/06/2019

Name of person who carried out the internal audit

Linda Coles

Signature of person who carried out the internal audit

*Linda Coles*

Date

20/06/2019

\*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 Control Objective

- A. No. A cash book/ledger was unavailable and has not been kept throughout the year. It is understood that a Cashbook/Ledger will be kept electronically from now on, training to be given if necessary.
- B. Yes. Payments were supported by invoices and expenditure approved. VAT has been properly reclaimed.
- C. Not covered. There is no evidence to suggest that the Authority assessed its risks or reviewed its adequacy of arrangements to achieve its objectives. It is believed that the Authority is in the process of putting these measures in place.
- D. No. The Authority reduced its Precept to £20,000, despite a budget that showed that forecast expenditure for 2019/20 would be in the region of £22,625 and it does not hold appropriate reserves.
- E. Yes. Expected income has been received, based on correct information.
- F. The Authority holds no petty cash.
- G. No. The salary to the Clerk was paid gross and PAYE and NI requirements were not applied by the Authority. Whilst it is noted that the Clerk paid tax directly to HMRC, this is not good practice. It is noted that the Authority will apply to HMRC for a PAYE reference and RTI will be applied to the Clerk's salary in future. Training is to be given.
- H. Yes. The Asset Register shows that assets bestowed on the Authority have now had their values correctly listed.
- I. No. In the absence of a Cashbook there is no evidence that the cash held by the Authority was reconciled periodically to the bank accounts. However, the invoices and receipts correctly balanced to the bank account and there were no outstanding cheques or receipts at the year-end. It is understood that training is to be given in this regard and in future monthly reconciliations will take place.
- J. No. Whilst the invoices correlated with the cheques issued and all balanced to the bank account, no cashbook was kept.
- K. This Authority certified itself exempt from a limited assurance review in 2017/2018.

Linda Coles  
Internal Auditor  
20<sup>th</sup> June 2019

## Report of Internal Review to date for the Members of Lewannick Parish Council

AGAR3, Accounting Statement. There were several conflicting copies of this in circulation. I have reworked the Accounts Statement for 2018/19 and copies have been circulated to you all. Box 1, the figure has been restated to include an outstanding Cheque, no. 000899 for £150.00. (This has been presented since the start of this financial year). Box 4 has been altered to include the Clerk's expenses, as has Box 6 which has had the expenses removed. I believe that, looking at one copy of page 5, the Clerk has declared the staff costs as nil and added the amount of £2880 to the final figure in Box 7. I have explained to Elaine that this cannot happen, these figures do not show in the accounts for 2018/19 and cannot simply be deducted from one box and added to another, and that there is a conversation to be had with the Council regarding the return, or not, of her salary. I would strongly urge Council not to accept the return of this money. The Clerk has not acted inappropriately, save for a few accounting and recording errors which can be corrected moving forward.

I have set up an electronic Cashbook for Lewannick Parish Council and will be showing Elaine, the Clerk, how this works. It is very simple and also self-balancing, so mistakes can be readily spotted if items are inputted incorrectly. It will also enable monthly bank reconciliations to be carried out and reported to the Council. This will prohibit any discrepancies, should they arise, and make the end of year balancing and figures much simpler. I have entered last year's payments and receipts into an electronic Cashbook and am pleased to say that everything reconciles and there were no outstanding payments at the year end.

I have spoken to Elaine and will be helping her to set up PAYE through HMRC in the correct manner. The first steps will be to register the Council with HMRC for a PAYE Reference. I intend to use the RTI, HMRC programme, which is fairly easy to set up and use. This will produce a monthly pay roll and ensure that tax and national insurance are accounted for and reported in the correct way. It also makes the end of year process very simple.

I understand that a new website is to be created and in future this will be kept up to date by the Clerk and I will be helping to ensure that everything that is on the website complies with the Transparency Code and GDPR. Policies will also be reviewed and published on the website along with Privacy Notices and Accessibility Statements etc.

I cannot understand why a budget forecast for 2019/2020 shows estimated expenditure as £22500 and yet the precept was reduced from £23000 to £20000. This is something that I can look at with Elaine for next year's budget and precept.

I have noted that the level of Reserves held by the Parish Council is much less than would be advisable.

Linda Coles  
Internal Auditor  
20<sup>th</sup> June 2019

# Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

## LEWANNICK PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2019, that:

	Agreed		'Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.		<input checked="" type="checkbox"/>	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.		<input checked="" type="checkbox"/>	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.		<input checked="" type="checkbox"/>	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.		<input checked="" type="checkbox"/>	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.		<input checked="" type="checkbox"/>	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.		<input checked="" type="checkbox"/>	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.		<input checked="" type="checkbox"/>	<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			<input checked="" type="checkbox"/>

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets should be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

12 June 2019

and recorded as minute reference:

4 MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

Clerk

SIGNED REQUIRED  
Muller

SIGNED REQUIRED  
Claire Cook

### Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

w.w.w. Lewannick Parish Council



# Section 2 – Accounting Statements 2018/19 for

## LEWANNICK PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	4,302	<del>RESTATED</del> 3,202	Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	15,200	23,000	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	6,298	1,900	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	2,880	CAN 2,880 MW <del>3,623</del>	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	<del>RESTATED</del> CAN 19,568 MW 19,718	CAN 18,813 MW <del>18,070</del>	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	<del>RESTATED</del> CAN 3,352 MW 3,202	6,409	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	<del>RESTATED</del> CAN 3,352 MW 3,202	6,409	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	<del>RESTATED</del> CAN 79,605 MW 77,352	CAN 77,439 MW <del>77,352</del>	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB)
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. NB The figures in the accounting statements above do not include any trust transactions.

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

Elaine Cook

Date

24 June 2019

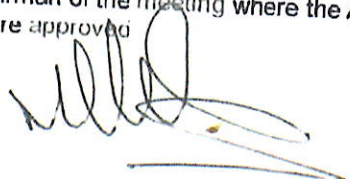
I confirm that these Accounting Statements were approved by this authority on this date:

24 June 2019

as recorded in minute reference:

(4) ii)

Signed by Chairman of the meeting where the Accounting Statements were approved



## Section 3 – External Auditor Report and Certificate 2017/18

In respect of

LEWANNICK PARISH COUNCIL

### 1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2018; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

### 2 External auditor report 2017/18

(Except for the matters reported below)\* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

### 3 External auditor certificate 2017/18

We certify/do not certify\* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2018.

\*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DATE

\*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))