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16<sup>th</sup> May 2021

The Chairman  
Kirby Cane & Ellingham Parish Council

Dear Chair,

**Internal Audit for the year ended 31st March 2021**

I would like very much to thank the Council for appointing me to carry out the internal audit for the 2020 accounts, and to thank the Clerk for her patience. I would point out that, according to the Governance and Accountability for Local Councils, the purpose of internal audit is to review the effectiveness of a council's risk management, control and governance processes; neither the internal nor the external auditor can be expected to look for fraud.

My purpose is not to give an opinion on the accounts, I am required to review controls and give recommendations.

I carried out the following work on the Council's records on 16<sup>th</sup> May 2021 having previously been provided documents electronically by the Clerk:

**1. Proper Bookkeeping:**

- checked payments from the cashbook to minutes – invoices have not been checked as the audit took place remotely. Councillors should assure themselves that they are viewing invoices when signing cheques, and initial both the cheque stub and the invoice. This should be reviewed next year when documents can be seen in hard copy.
- checked receipts from cashbook to bank statements
- I note that a VAT reclaim has been submitted for £908.49. This had not been received at year end.

**2. Financial Regulations:**

- The Council has adopted the General Power of Competence so LGA s.137 is not used
- Financial Regulations were reviewed by the Council in March 2021
- The Council carried out a Review of Internal Control in March 2021
- I would advise that procurement regulations be reviewed when the Council looks to award a larger contract such as the car park.

**3. Risk Arrangements:**

- reviewed minutes for unusual items
- A review of financial risks was carried out by the Council in March 2021

- Insurance cover is in place. Some items showing on the asset register do not appear on the insurance schedule – Streetlights, Allotment land, Defibrillator, Village Sign. Council should check that they have everything they wish to on cover at renewal.
- 4. Budgetary Controls:**
  - The precept is set after consideration of expected costs and future projects and considering a detailed budget prepared by the Clerk.
- 5. Income Controls:**
  - reviewed receipt of precept
  - reviewed significant income during year
- 6. Petty Cash**
  - There is no use of petty cash
- 7. Payroll Controls:**
  - Checked the total in the accounts to the clerk's P60 and pension return. There appears a small anomaly which I have asked the Clerk to address.
  - There is no record of the HMRC payment in the Council accounts. This should be made by the employer and a print-out received that payment has been made.
  - Pension payments have been made correctly to Norfolk Pension Fund.
- 8. Asset Controls:**
  - reviewed asset register against minutes and Insured items.
  - I could not see a review of the Asset register within the financial year. When this is updated this should always be accepted by Council. It is good practice to add the date of review to the bottom of the document.
- 9. Bank Reconciliation:**
  - ensured carried out regularly and minuted.
- 10. Year-end Procedures:**
  - reviewed year-end bank reconciliation
  - reviewed accounts for unusual items
  - annual return is prepared using receipts and payments method

The above tests and review work showed the accounts agree to year end bank statements. There is evidence to show that the Council is adequately involved in the financial management and governance of the Council.

I have drawn a small number of suggestions to the Clerk's attention for her to consider, however there are no issues I wish to bring to the attention of the Council.

I have therefore signed the internal auditor's part of the Annual Return.

Yours faithfully,

Sarah Hunt