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25th April 2020

The Chairman
Kirby Cane & Ellingham Parish Council

Dear Sir,

Internal Audit for the year ended 31st March 2020

I thank the Council for appointing me to carry out the internal audit for the 2020 accounts. I remind you 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. I do not 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 books and records on 25th April 2020:

1. Proper Bookkeeping:

- checked payments from the cashbook to invoices, including all large amounts
- checked receipts from cashbook to supporting documentation or bank statements
- reviewed VAT documentation
- VAT has been reclaimed to 31.1.2020 and was received in March. The previous year's VAT was also received during 19/20 so that is one reason the income is higher this year

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 2020
- The Council carried out a Review of Internal Control in March 2020
- The monthly finance reports are compared with the relevant bank statement and signed as correct by the Chairman

3. Risk Arrangements:

- reviewed minutes for unusual items
- A review of financial risks was carried out by the Council in March 2020
- Insurance cover is in place

4. Budgetary Controls:

- The precept is set after consideration of expected costs and future projects

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
- Tax has been correctly calculated with reference to the tax code on file
- The clerk herself pays over the tax to HMRC – it is only £2 per month – and is paid gross
- Pension payments have been made correctly to Norfolk Pension Fund

8. Asset Controls:

- reviewed asset register
- reviewed minutes for significant additions, which includes the streetlights

9. Bank Reconciliation:

- ensured carried out regularly

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 are supported by invoices and receipts and 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 therefore signed the internal auditor's part of the Annual Return.

Yours faithfully,

Pauline James

Cert of Higher Education in Community Engagement and Governance

