

# **RINGWOULD WITH KINGSDOWN PARISH COUNCIL**

## **INTERNAL AUDIT REPORT 2020-21**

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I am pleased to report to Members of the Parish Council that I have completed my internal audit of the Parish Council's records for 2020-21 and have been able to complete the Annual Internal Audit Report (AIAR) for the 2020-21 Annual Governance and Accountability Return.

Members should be aware that the audit tests that I undertook during the audit cannot be relied on to identify the occasional omission or insignificant error, nor to disclose breaches of trust or statute, neglect or fraud which may have taken place and which it is the responsibility of the Members of the Council to guard against through the Parish Council's internal control procedures.

The AIAR contains a series of questions on which the internal auditor is asked to give an opinion whether the Council has met various control objectives for the accounting year. Most of my answers are "No" in that I consider the Council has not met standards appropriate to its needs and these answers are largely the same as for the 2019-20 AIAR completed three months ago. I am obliged to explain any "No" answers to the Council's external auditor in an attachment to the AIAR. I have added a copy of this supplementary report as an appendix to this report.

I would like to take this opportunity to thank your locum clerk for the assistance given to me in the conduct of the audit that took place on 21 June 2021 and later, working from home, on 27 June 2021.

### **PREVIOUS AUDITS:**

#### **External auditor 2019-20:**

Not yet received.

#### **Internal auditor 2019-20:**

My previous report was dated 6 April 2021 and was considered by the Council at its meeting on 12 April 2021. There has been not enough time for the various matters raised to have been addressed and I have not followed up any of the issues except as noted below.

### **FINDINGS THIS VISIT:**

During the visit and afterward I carried out work to enable me to complete the Annual Internal Audit Report which included reading the minutes for compliance with legislation, a view of Council activity and for consistency with the accounts. I reviewed and test checked the accounting records including the cashbook, payroll, VAT records, bank statements and bank reconciliations to the extent that records were available.

In view of the lack of records, the locum clerk and I have produced the 2020-21 accounts by working back from the bank statements. There is no point in trying to reconcile our workings with the bank as that was the start point.

The Council has three bank accounts. Two, with Barclays, have no activity apart from interest being credited. The third account, with HSBC, contains all the remaining transactions and is the main source for the 2020-21 accounts.

I have investigated the balance on this account at 31 March 2019 as £8,469 being different to the figure reported on the 2018-19 end of year bank reconciliation proforma of £18,516. As the bank balances a year earlier (at 31 March 2018) are consistent with the amount stated in the Accounting Statement I concentrated on the transactions during the 2018-19 financial year.

I have been able to establish that the receipt entry on the 2018-19 Accounting Statement was overstated by the inclusion of a receipt in respect of cheque 102458 in the sum of £8,970.21.

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This cheque was debited then credited and replaced by cheque 102480 in the same sum all in January 2019. The error was that the credit was treated as a receipt instead of being a cancellation but only one debit appeared on the payments side. (Out/In instead of Out/In/Out)

While I am satisfied that the receipts figure for the 2018-19 Accounting Statement was overstated, I am mystified as to why the former Clerk chose to misstate the HSBC balance on the bank reconciliation proforma instead of carrying out an actual bank reconciliation.

In view of the effort involved with the accounts I have not attempted to review other Council systems at this audit. These will be reviewed in the future.

I have nothing further to report.

**Lionel Robbins**  
**Independent Internal Auditor**  
**06 July 2021**



# **RINGWOULD WITH KINGSWOOD PARISH COUNCIL**

## **Supplementary report to accompany AIAR 2020-21**

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As previously reported in respect of 2019-20 the above named parish council is in an unusual position. Its clerk had been absent on sick leave for nearly a year but a locum clerk was appointed only from December 2020.

The locum clerk and I, working with incomplete records, have been able to complete a Receipts and Payments Account for the year to 31 March 2021 to be adopted by the Council at its next meeting.

I have also completed the Annual Internal Audit Report (AIAR) for 2020-21. My answers to the questions A-M on the AIAR are mostly "No" and the explanations for these conclusions are set out in this report.

### **A Accounting Records**

The locum clerk and I have compiled the receipts and payments account by working from bank statements obtained by the locum clerk direct from the bank. Invoices, receipts or accounts were available only for the last quarter of the year.

### **B Payments approvals**

No invoices were available until the last quarter. VAT has not been identified and accounted for until the last quarter.

### **C Risk Review**

There is a risk assessment noted in the minutes in November 2020 but I have not seen any documentary evidence in support.

### **D Budgets and budgetary control**

The budget spreadsheet supporting the calculation of the precept for 2019-20 and since does not include expected receipts (other than precept). Review of minutes did not identify any reporting of outturn to budget either during the budget setting process or during the accounting year. Schedules of payments approved were available from September 2020.

### **E Expected receipts**

The parish does receive allotment income and the amounts credited to the bank have been brought into the 2020-21 Accounting Statement. I cannot determine whether the amounts received are as would be expected.

### **H Asset Register**

Not available for review

### **I Bank reconciliations**

None seen. The last reported was that supplied with the 2018-19 Accounting statements. The figure stated for balance at 31 March 2019 in respect of the Council's account with HSBC of £18,516 is different from that supplied by the bank at £8,469. I have investigated this difference and the main cause was an accounting error by the previous clerk which overstated receipts by £8,970. Why the previous clerk chose to misstate the bank reconciliation at 31 March 2019, as compared to carrying out the reconciliation to identify the problem, will remain a mystery.

### **M Public Rights**

No evidence has been supplied to the locum clerk for me to review, nor is there any indication of provision for electors' rights on the website.

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#### **N Publication of 2019-20 AGAR**

The AGAR forms for 2019-20 were completed in April 2021. They are not yet on the Council's website. As far as I am aware the audit has not yet been completed.

#### **Action being taken:**

My 2020-21 audit took place in June 2021. As this is only three months since the 2019-20 audit the position described is largely the same as for the 2019-20 audit.

The Council is working with the locum Clerk to re-establish normal standards of record keeping and compliance with statutory and other obligations.

My report will be presented to the next meeting of the Council.

**Lionel Robbins**  
**Independent Internal Auditor**  
**06 July 2021**