

RINGWOULD WITH KINGSWOOD PARISH COUNCIL

REPORT TO EXTERNAL AUDITOR 2019-20

(8)

The above named parish council is in an unusual position. Its clerk has been absent on sick leave for nearly a year but a locum clerk was appointed only from December 2020. I have been called in by the locum clerk to review the 2019-20 accounts which had not been completed during the summer of 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 2020 to be adopted by the Council at its next meeting.

I have also completed the Annual Internal Audit Report (AIAR) for 2019-20. 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. No invoices, receipts or accounts were available to us.

B Payments approvals

No invoices were available. VAT has not been identified and accounted for.

C Risk Review

I have been unable to find a risk review recorded in the minutes during 2019-20.

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.

E Expected receipts

No receipts or amounts expected were available.

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 intend to investigate this discrepancy as soon as practicable.

L 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.

Action being taken:

The audit took place on 31 March 2021. I discussed with the locum clerk my findings and that I would need to report to the external auditor. I intend to investigate further, particularly the difference over the bank account, at the 2020-21 audit which will be in a few weeks' time.

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

Lionel Robbins
Independent Internal Auditor
06 April 2021

RINGWOULD WITH KINGSDOWN PARISH COUNCIL

INTERNAL AUDIT REPORT 2019-20

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 2019-20 and have been able to complete the Annual Internal Audit Report (AIAR) for the 2019-20 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. 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 explanatory attachment 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 31 March 2021.

PREVIOUS AUDITS:

External auditor 2018-19:

The external audit certificate for 2018-19 dated 20 September 2019 has both qualifications and comments. I have been unable to find any evidence that the Council itself considered this report as it is required to do under the Accounts and Audit Regulations 2015. Moreover, that the Council has not considered the external auditor's report will mandate a "No" response to assertion 7 on the Governance Statement for 2019-20

Internal auditor 2018-19:

My predecessor's AIAR was dated 1 July 2019. I note that it gave "yes" responses to all the relevant questions. I have not had any access to my predecessor or their records.

FINDINGS THIS VISIT:

During the visit I carried out sufficient work to enable me to complete the Annual Internal Audit Report. I have reviewed minutes insofar as they were available on the website.

In view of the lack of records available, the locum clerk and I have produced the 2019-20 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.

As far as is known the Council has three bank accounts. Two, with Barclays, have no activity apart from interest being credited and will be closed. The third account, with HSBC, contains all the remaining transactions and is the main source for the 2019-20 accounts. I am concerned that the balance on this account at the start of the year (31 March/1 April 2019) from the bank statement at £8,469 is way different to the figure reported on the 2018-19 end of year bank reconciliation of £18,516. Balances on the two Barclays accounts appear to be correctly stated.

There are cheques reported on the accounts spreadsheet in February and March 2020 which were unrepresented at the year end on 31 March 2020. I have been able to find only one in the bank statements from April 2020 to date leaving three [nos 102564, 573 and 579] with a total value of £1,102 still unrepresented over a year later.

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Likewise, there was a cheque unpresented at 31 March 2019 [no 102483] for £50 still unpresented a year later. In this case I think it was replaced by 102491 at the same amount which does not appear in the accounts spreadsheet in either 2018-19 or 2019-20 but which appears in the bank statement on 4 April 2019.

The 2018-19 and 2019-20 accounting spreadsheets do not identify transactions with VAT nor do they show the amount of such VAT. Without details from the invoice, particularly the supplier's VAT number, the Council is unable to recover its input VAT. It appears that a claim to HMRC was made in respect of the play equipment but *there has been no recovery of VAT since*.

As noted in my explanatory report to the external auditor, I was unable to find evidence that the Council had carried out a review of risk during or relating to 2019-20. This is a requirement – see assertion 6 on the Governance Statement.

The Local Government Finance Act 1992 sets out in s49A calculations which must be made as part of the budget preparation process. They are that councils must consider their spending needs, that they estimate and take into account their expected income (apart from precept) and lastly that they consider what transfers they need to make to or from their reserves. The net result of these three calculations becomes the precept (s41(2) LGFA 1992). The budget spreadsheet used by the Council does not include any element of expected income or transfers to/from reserves and thus does not comply with law.

During my review of minutes I did not come across any instance of a report comparing the actual spend to budget whether during the year, at its end or in respect of budget preparation of next year's budget.

I am concerned at the lack of documents available to the locum clerk and by extension to myself as internal auditor. There should be far more than has been supplied. I find it difficult to believe that what has been supplied is all there is unless everything else has been destroyed. By way of example the signed copy of council minutes is a matter for public record as well as being admissible in evidence. Electronic copies may exist and be in general use but the duty to keep the original remains.

The discrepancy of £10k between the bank and council versions for the HSBC balance at 31 March 2019 will need to be investigated further.

Lionel Robbins
Independent Internal Auditor
06 April 2021