

INTERNAL AUDITOR'S REPORT FOR FIVEHEAD PARISH COUNCIL YEAR ENDING 31ST MARCH 2022

Annotated by Clerk in red italics, following Finance Meeting on 29 June 2022

Having reviewed the documents below it appears that Fivehead Council's internal controls are adequate and effective. Detailed minutes are kept. Required documents such as bank reconciliations are reviewed and signed by two signatories. Motions are proposed and seconded at council meetings and details adequately recorded.

For the purpose of this audit the following documents were reviewed:

1. Monthly meeting minutes
2. Monthly Interim Finance Reports
3. Monthly Bank Reconciliations
4. Monthly Bank Statements
5. The Approved Budget FY 21-22
6. Council Daybook
7. Finance Statement as at 31 March 2022
8. Summary of Balances 21-22
9. Summary of Receipts and Payments
10. Assets Inspection Schedule
11. AGAR Pt 2 for FY21/22
12. AGAR Pt 3 for FY20/21
13. Annual Review of Effectiveness of the System of Internal Control for the Year Ending 31 March 2022
14. Risk Management Reports FY21/22 and FY22/23
15. Financial Regulations
16. VAT claim

AUDITOR'S NOTES

Council Minutes

Council minutes jumped from 4133 on 8th June meeting to 4141 on 5th July meeting. Minutes numbers 4134 to 4140 are missing. *Clerk confirmed that these were not missing; a Planning/Finance Meeting on 24 June 2021 with Mins 4134 – 4140 had taken place, but the Minutes had not been supplied to the auditor.*

Interim Finance Reports

The totals of the payment lines in the Interim Finance Reports for April 2021 to 7th March 2022 are incorrect. The error was corrected in the final Interim Finance Report for the year and therefore the year-end figures are correct. *Clerk had notified the auditor of error in payment line 22 due to incomplete formula in cells, which impacted totals on line 60. This had been corrected for approval of the final statement of the year. Recommendations from the auditor for improving robustness of the spreadsheet were welcomed and Clerk would work on this with the auditor. (see below).*

Monthly Bank Reconciliations

The bank reconciliations are not being completed correctly. The difference between the bank balance and the daybook balance should be reconciled by detailing the unrepresented cheques and uncleared credits. The March 2022 year end bank reconciliation is, however, correct so the year-end figures are not affected. *Agreed. Whilst balances were correctly calculated, the monthly reconciliations did not itemise payments authorised, uncleared cheques or credits. This information will be added in future. The payment information is listed on the monthly agenda and all payments are approved with two signatories and minuted following the meeting.*

Debtors and Creditors

A monthly list of outstanding Debtors and Creditors should be kept, together with a year-end list. *This is required 'where appropriate'. As all payments are usually made immediately after meetings, the Parish Council does not usually carry debtors but the Clerk would ask auditor for further details and suggested format, to ensure compliance going forward.*

Recommendations

- I recommend keeping a monthly copy of the Daybook for security. *Implemented from June 2022*
- Some spreadsheets are difficult to use because of their formatting and some are unnecessarily large. I recommend having them tidied up for ease of use. *Clerk to review with auditor*
- The formulae on some spreadsheets could be simplified to avoid errors. *Clerk to review with auditor*
- I recommend adding 'check' lines to some documents particularly the Monthly Interim Finance Reports to avoid errors. *Clerk to review with auditor*
- I recommend that the bank reconciliation method is refined for the new financial year. *Implemented from June 2022*

RENATA LAWRYNOWICZ

01/06/2022