

**Mrs Anne E. Barnes FSLCC**  
**Internal Auditor**  
**79 Caistor Lane**  
**Caistor St Edmund**  
**Norwich**  
**NR14 8RB**



April 30, 2020

Mrs J. King  
Clerk to Newton Flotman Parish Council  
22 Henry Preston Road  
Tasburgh  
Norwich NR15 1NU

Dear Chairman and Councillors,

**Internal Audit Report to Newton Flotman Parish Council for Year Ended 31 March 2020**

**For the Attention of the Council**

**A. Appropriate accounting records have been kept properly throughout the year.**

I have inspected the Council's records to 31st March 2020. I have examined your cashbook and found it to be well maintained and up to date, correct and regularly balanced. I have also examined your invoices, cheque books, paying-in books, bank statements and compared these to your Receipts and Payments account and your accounts in the Minute Book. I note you have a nominated member, R. Kelf, to inspect the cashbook at regular intervals.

**B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.**

I have examined your invoices as presented to me and note that they have been approved by the Council and VAT was properly accounted for and reclaimed. VAT of £889.35 has been repaid for 2018/19 and the claim for £687.89 for 2019/20 has been submitted.

**C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

**Standing Orders and Financial Regulations adopted and Applied**

I note that your Standing Orders were reviewed and updated in January 2019 and your Financial Regulations were also reviewed and updated in January 2019.

**Risk Management Arrangements**

I note that your Risk Assessments and Financial Risk Assessments have been reviewed in March 2018<sup>th</sup> and were due to be reviewed again in March 2020 but due to the Covid 19 outbreak the meeting was delayed. When reviewing them ensure that the arrangements now allowed for virtual meetings are included.

**Insurance**

I have reviewed the Council's insurance with AXA through Came & Co. to ensure the insurance cover is adequate. The cover is from 1 June 2019 to 31 May 2020 and I note that you are in year 2 of a 3-year Long Term Arrangement.

**D. The Precept or Rates requirement resulted from an adequate budgetary process; progress against the Budget was regularly monitored; and reserves were appropriate.**

I have had sight of the Budget for 2019/20 and Budget 2020/21 and confirm that the Precept was agreed through an adequate budgetary process. The budget was reviewed against actual and reserves have been reviewed and increased and are appropriate. The Precept is recorded in the 14<sup>th</sup> January 2020 Minutes.

**Section 137**

Section 137 Expenditure has been separately recorded in the cashbook and is within your statutory limits.

**E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**

**Income Controls**

I note that all income is recorded and banked properly, and the Precept agrees with the Parish Council's notification to the Council Tax authority. The Parish Council has very few cash transactions and adequate controls are in place to minimise any loss.

**VAT Payments Controls**

I confirm that all VAT expenditure has been recorded separately and reclaimed at regular intervals as noted above.

**F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved. and VAT appropriately accounted for.**

**Petty Cash Procedures**

I note that the Parish Council does not operate a petty cash system.

**G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.**

**Payroll Controls**

I have examined the PAYE records for the Clerks Salary and her expenses records. The Clerks salary and expenses have been approved by the Council and PAYE and NIC have been properly operated by the Council as an employer.

Contracts of Employment and Job Descriptions have been examined and are appropriate for the job. The Clerk has had an annual appraisal and been paid in accordance with the salary scales in her contract.

I have examined the pension records and note that employee and employer contributions have been deducted at the appropriate rate and payments made to Norfolk Pension Fund. The year end return has been completed and agrees with the payments made to the fund.

**H. Asset and investments registers were complete and accurate and properly maintained.**

**Asset Controls**

I have examined the Council's Asset Register and note that the assets have been reviewed and inspected by the Council as recorded in the Minute dated 26<sup>th</sup> November 2019.

**I. Periodic and year-end bank account reconciliations were properly carried out.**

**Bank Reconciliation**

I have examined the Bank Statements and the Receipts and Payments Book and confirm that there is a Bank Reconciliation for each account. The reconciliation is carried out monthly and explanations entered for any un-reconciled amounts or outstanding cheques. The total value of the investments is summarised on the reconciliation.

**J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.**

**Year-End Procedures**

I can confirm that the year-end accounts are prepared on a Receipts and Payments basis and that the accounts agree with the cashbook with an appropriate and adequate audit trail.

I note that the Council has completed the Annual Governance and Accountability Return 2019/209 Part 2 where the higher of gross income or gross expenditure was £25,000 or less and that the Council has certified themselves as exempt from a limited assurance review.

**K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick “not covered”)**

The Parish Council certified itself as exempt from a limited assurance review in 2018/19, met the exemption criteria and correctly declared itself exempt.

**L. The authority has demonstrated during the summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.**

I have examined your new website and noted the records are posted on the site.

**M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.**

The Parish Council is custodian trustee and the Council receives regular reports.

**Matters for the Council's Attention**

**There are no matters to bring to the attention of the Council.**

Your Clerk's accounts are always excellently presented in a clear and precise manner and I would like to thank her for her help and co-operation in preparing for the Internal Audit.

Yours sincerely,

*Ane E. Barnes*

Mrs A.E. Barnes FSLCC