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13th April 2020

The Chairman
Stalham Town Council

Dear Sir,

Internal Audit for the year ended 31st March 2020

I thank the Council for re-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 have carried out the following work on the Council's books and records:

1. Proper Bookkeeping:

- checked payments from the RBS nominal ledger to invoices, including all large amounts
- checked receipts from nominal ledger to supporting documentation and/or bank statements
- reviewed VAT documentation. VAT has been claimed as appropriate.

2. Financial Regulations:

- The Council has adopted the General Power of Competence. The limitations of LGA 1972 s.137 for payments outside of usual council powers are therefore not relevant
- Financial Regulations were reviewed by the Council and updated in May and October 2019
- Standing Orders were reviewed by the Council in May 2019
- one councillor checks invoices before authorisation at council meetings, then the cheques are signed by two councillors and the cheque stub initialled

3. Risk Arrangements:

- reviewed minutes for unusual items. There is evidence that the Council has considered the management of risks on several occasions.

4. Budgetary Controls:

- reviewed budget
- regular comparisons are carried out of actual spending to budget figures

- 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 P60. Tax has been correctly deducted
 - Pension contributions are at the correct percentage
- 8. Asset Controls:**
 - reviewed asset register
 - checked significant additions to invoices
- 9. Bank Reconciliation:**
 - ensured carried out regularly
- 10. Year-end Procedures:**
 - reviewed year-end bank reconciliation
 - reviewed accounts for unusual items
 - annual return 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.

I note that a councillor was appointed in May 2019 to carry out checks on the Council's records, quarterly. I have not seen any reference in the minutes to checks being done. Susan directed me to a couple of bank reconciliations which have been signed, but I would recommend that the checks should be minuted so as to conform to the Council's Financial Regulations.

The Council's Review of Internal Control also states that the payments lists should be checked to invoices and signed by a councillor who is not a cheque signatory. I have not seen any evidence of this being done.

Can you please send me a copy of the year-end bank reconciliation once it is signed by the Chairman.

Yours faithfully,

Pauline James

Pauline James BA
Cert of Higher Education in Community Engagement and Governance