

Attleborough Town Council

Dear Sirs,

**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 Local Councils' Governance and Accountability Guidance, the purpose of internal audit is to review whether the systems of financial and other control are effective; 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 carried out the following work on the Council's books and records over the past few days:

1. **Proper Bookkeeping:**
  - checked on a sample of payments from the nominal ledger to invoices, including all large amounts
  - checked a sample of receipts from nominal ledger to supporting documentation or bank statements, including precept and all large amounts
  - checked that VAT had been correctly identified on invoices
  - VAT is reclaimed quarterly
2. **Financial Regulations:**
  - S.137 grants are within the legal limit
  - Financial Regulations were reviewed by the Council in May 2019
  - a Review of Internal Controls was done in May 2019
  - cheques are signed by two councillors
  - payments lists are checked and signed by a councillor
  - bank reconciliations are prepared by Anne, checked by Gina and then by a councillor
3. **Risk Arrangements:**
  - reviewed minutes for unusual items
  - reviewed various risk assessment documents
4. **Budgetary Controls:**
  - budget is reviewed by the Finance Committee before being discussed by the full Council
  - reports comparing actual spending/income to budget figures are presented at each meeting

- Precept was increased for 20/21 to pay for the future projects
- 5. **Income Controls:**
  - reviewed receipt of precept
  - reviewed significant income during year
  - reviewed receipt of burials income and letting income
- 6. **Petty Cash**
  - discussed systems for the administration of petty cash expenditure
- 7. **Payroll Controls:**
  - compared the total in the accounts to end of year payroll figures for reasonableness
  - checked the November and March totals: tax appears to have been correctly calculated, given the tax codes listed
  - employment costs in the Annual Return are for the clerk, office staff and groundsmen.
- 8. **Asset Controls:**
  - asset register values are based on insurance schedule and/or cost
  - reviewed minutes for significant additions
  - checked additions to supporting documentation
- 9. **Bank Reconciliation:**
  - checked October's reconciliation to the bank statements and to the cashbook balances
- 10. **Year-end Procedures:**
  - reviewed year-end bank reconciliation and checked it to the bank statements
  - reviewed nominal ledger for unusual items
  - reviewed income and expenditure for unusual items
  - annual return prepared using income and expenditure method
  - the year-end VAT return equals the figure in the accounts and was reclaimed in April

The above tests and review work showed the accounts are supported by invoices and receipts, and agree to year-end bank statements. The Council has a good system of internal controls. I have therefore signed the internal auditor's part of the Annual Return.

I have raised various minor issues with Anne and Gina and have received satisfactory responses. I have nothing to bring to the attention of the Council.

Yours faithfully,

*Pauline James*

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