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3rd May 2019

The Chairman  
Great Ellingham Parish Council

Dear Sir,

**Internal Audit for the year ended 31st March 2019**

I thank the Council for appointing me to carry out the internal audit for the 2019 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 attended the Parish Clerk's home on 3rd May 2019 and carried out the following work on the Council's books and records:

**1. Proper Bookkeeping:**

- checked payments from the cashbook to invoices, including all large amounts
- checked receipts from cashbook to supporting documentation
- reviewed VAT documentation
- VAT has been reclaimed to 28.2.19 and received 25<sup>th</sup> March 2019

**2. Financial Regulations:**

- The Council has adopted the General Power of Competence so LGA s.137 is not used
- Financial Regulations were reviewed by the Council in March 2019
- The Council reviewed Internal Controls in March 2019
- The RFO and two signatories initial each invoice to confirm acceptance for payment
- A councillor checks financial records at each meeting
- Actual v Budget figures are reviewed regularly

**3. Risk Arrangements:**

- reviewed minutes for unusual items

**4. Budgetary Controls:**

- The precept is set after consideration of expected costs and future projects
- The precept has been increased by 5% for 19/20

- 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 and payslips.
  - Tax has been correctly paid to HMRC
- 8. Asset Controls:**
  - reviewed asset register
  - reviewed minutes for significant additions
- 9. Bank Reconciliation:**
  - ensured carried out regularly
- 10. Year-end Procedures:**
  - reviewed year-end bank reconciliation
  - reviewed accounts for unusual items
  - annual return is 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. Anne's bookkeeping is efficient. 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.

The Council's receipts and payments are below £25,000 and the Council will therefore be taking advantage of the procedure to exempt itself from external audit. It will still be necessary to post on the Council's website the Annual Return, the variance analysis, bank reconciliation for 31<sup>st</sup> March and the notice of electors' rights.

My only comment is that when councillors declare "an interest" in items on the agenda at a meeting they should identify what the interest is and whether it is a pecuniary interest (and, as such, they will be taking no part in the discussion or voting,) or whether it is a non-pecuniary interest (so that they can take part in the discussion and voting).

I should like to take the opportunity to thank Anne for her hospitality and for her assistance with the year-end paperwork, and the Council for appointing me.

Yours faithfully,

*Pauline James*

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