

**Internal auditor's report for the year ended 31.3.2017:**

**Crayke Parish Council.**

**With the Clerk's responses to the points raised.**

Box A:

Poor accounting records kept up to November 2016 (when the Clerk was replaced). Uncleared cheques were not entered in the cash book. Cheques drawn in March 2016 were not entered until the following financial year. Cheques not reported in Minutes until they had cleared the bank. Cheque numbers 350 – 355 and 360 were never reported in Minutes. Cheques 350 – 352 were all payable to the Clerk. The lack of supporting records leaves the council vulnerable to unauthorised/fraudulent payments.

Clerk's Comment:

- The following procedures were adopted from 1st October 2016:
  - All unplanned payments due are now recorded on agendas, the invoices presented at the meeting and the cheques are only signed when Council has approved the payment. The approval being minuted.
  - The Clerk submits a timesheet recording hours worked and activities, this is checked by the Chairman before being presented to Council for approval.

Box B:

Cheque number 350 for Clerk's salary, £777.35 is not supported by a payslip, any documentary evidence of the workings out or any clarification on the period covered by said payment.

Clerk's Comment:

- The Clerk at the time was on a fixed hours arrangement and received a fixed payment. So no timesheet was required.

Box C:

There is no evidence in the Minutes that the parish council carried out any formal risk assessment during the financial year.

Clerk's Comment:

- At this year's Annual Meeting in May an Audit Panel was set up. The Panel will meet half-yearly to inspect the accounts, record keeping and adherence to statutory requirements. Additionally the Panel will review the Risk Register and the Asset Register annually. After each meeting the Panel will report its findings to Council.
- The Council does have a comprehensive Risk Management document. However, I have not been able to find a reference to it having been reviewed in the minutes of the last 3 years.

Box G:

See Box B comments.

Clerk's Comment:

- I do have a contract with a salary based on the NALC rates.

#### Box I:

There is no minuted evidence that any bank reconciliations were presented to the parish council until after the appointment of the new Clerk in 11/16.

#### Clerk's Comment:

- Though the minutes don't explicitly mention it, at each year end the previous Clerks presented an annual financial report which detailed each payment during the year and the amount of the cheques outstanding.
- The accounts were also audited each year by an accountant.

#### Box J:

There is clear evidence that the recording of receipts and payments was not carried out on the correct accounting basis and the audit trail was far from clear in that some entries were not supported by the appropriate documentation and some payments did not appear in the Minutes of any meeting during the financial year.

#### Clerk's Overall Comments

- I have looked back through the financial (paper) files and found them well organised. The finance reports, bank statements, receipts / invoices and payment notes for each year have been collated and filed as a set. Looking in detail at the last 3 years I can see that the bank statements have been annotated and invoices labelled with cheque numbers.
- I can also see that the accounts were also audited each year by an accountant.
- While the Council's administrative practices may not have been in full accordance with the expected procedures they are well ordered. The gaps are in the detail, not the main substance.
  - Meetings were advertised, agendas and minutes published. Annual meetings and Parish Assemblies held. Since the Council's website was created in August 2016 the Chairman and Vice Chairman have put considerable effort into collating, preparing and publishing meeting and finance documents from the previous two years.
  - Budgets were discussed and agreed each year
  - There are Standing Orders, Financial Regulations, Councillor's Code of Conduct, a Publication Scheme, Disciplinary and Grievance arrangements, a Risk Management Policy and Risk Assessment document, all the necessary Insurances in place, the Council is registered with the ICO and complies with Pensions Regulations