Section 3 – External Auditor Report and Certificate 2018/19

In respect of RAMSEY AND PARKESTON PARISH COUNCIL-EX0200

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2019; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2018/19

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR:

- Information received from the smaller authority indicates £7,714.86 of cancelled cheques, duplicate payments and refunds have been included as income in Section 2, Box 3 in 2018/19. These items should have been netted off from the relevant expenditure rather than shown as income. Box 3 for the current year should therefore read £23,614, with a corresponding total reduction of £7,715 in Boxes 4 and/or 6, depending on the nature of the original payments.

- £1,306.85 of cancelled cheques and refunds have been included as income in Section 2, Box 3 in 2017/18. Box 3 for the prior year should read £15,134, with a corresponding reduction of £1,306.85 in Boxes 4 and/or 6, depending on the nature of the original payments.

Other matters not affecting our opinion which we draw to the attention of the authority:

- In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to significant weaknesses in relation to objectives A, B and G. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

- The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.

3 External auditor certificate 2018/19

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2019.

External Auditor Name PKF LITTLEJOHN LLP

External Auditor Signature PKF Littlejohn LLP Date 27/09/2019

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Section 2 – Accounting Statements 2018/19 for * Amended as External Audit Report.

Ramsey and Parkeston Parish Council

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.*
1. Balances brought forward	48,733	78,695	*Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.*
2. (+) Precept or Rates and Levies	63,056	64,539 LM ~~67,210~~	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	* ~~16,441~~ 15134	~~31,327~~ LM ~~28,708~~ * 23614	*Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.*
4. (-) Staff costs	11,566	13,708	*Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.*
5. (-) Loan interest/capital repayments	0	0	*Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).*
6. (-) All other payments	~~37,969~~ 36662	* 7715 ~~85,230~~	*Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).*
7. (=) Balances carried forward	78,695	75,675	*Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).*

8. Total value of cash and short term investments	78,695	75,675	*The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.*
9. Total fixed assets plus long term investments and assets	214,130	216,708	*The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.*
10. Total borrowings	0	0	*The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).*

11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	*The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.*
		✔	*N.B. The figures in the accounting statements above do not include any Trust transactions.*

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

L Keeling

Date 18/04/2019

I confirm that these Accounting Statements were approved by this authority on this date:

18/04/2019

as recorded in minute reference:

Item: 17 (b)

Signed by Chairman of the meeting where the Accounting Statements were approved

Report on actions taken following the Internal Auditor's recommendations on his report of accounts for the year ending 31 March 2019

This report is to ensure all actions have been implemented to address recommendations as below:

Recommendation 1: The Council needs to urgently review the control arrangements it currently has in place for the Authorisation and Approval of electronic payments (Internet Banking) Transactions to ensure that robust controls are in place and strictly enforced to secure the financial transactions passing through the Council's accounts. The Cashbook Spreadsheet must provide an adequate audit trail that leads from the Internet Banking Authorisation Lists through to the details/date on the bank statements.

New procedures are now in place where the Clerk/Chairman and Vice Chairman meet prior to Council meetings to check and countersign the Internet Banking Authorisation form that holds details of payee/amounts to guarantee all are in order to take forward for 2 authorised signatures, other than the Chairman and Vice Chairman, to authorise those payments at the full meeting.

A bank reconciliation on the previous month is signed at such time with full payment details recorded alongside each payment in the cashbook to support the reconciliation.

Recommendation 2: In view of the failure of Authorised Signatories to check and confirm the correctness of individual invoices being submitted with the Internet Banking Authorisation Lists, each invoice/voucher must be carefully checked, calculations verified and signed and dated by independent Authorised Signatories to confirm that all necessary checks have been made to confirm the correctness of the invoice/voucher for payment.

As recommendation 1:

Recommendation 3: In no circumstances in the future should an Authorised Signatory sign an Internet Banking Authorisation List or Cheque when the List or Cheque includes an amount payable to the Authorised Signatory *himself/herself.*

Reflected in revised Financial Regulations

Recommendation 4: The Council should review its Risk Assessment documentation and construct a separate Electronic Payments (Internet Banking) Risk Assessment which should identify the risks (including overpayment of salary and irregular movement of funds within accounts) and the actions in place to mitigate the risks identified.

A new risk assessment to reflect this has been adopted by the council.

Recommendation 5: During the 2019/20 year the Council should undertake a full review of its systems of financial control and methods of operation and a report provided to Council detailing the review in order to provide the Council assurance that the financial control systems in place are efficient and effective and that satisfactory financial administration and control is in place for the use of public funds.

The Internal Auditor's report was fully addressed at the meeting of the RPPC under Part B held on 27th June 2019 with new systems in place agreed.

Recommendation 6: The following additional information should be included within the Cashbook Spreadsheet:

a) The Date the authorisation for payment by electronic (internet) banking was made (normally the date of a Council meeting).
b) The Date of transaction by Electronic Payment (Internet Banking) to be entered in all cases.
c) The Date the transaction is listed on the Bank Statement (to ensure the date is the same as item b).

Report on actions taken following the Internal Auditor's recommendations on his report of accounts for the year ending 31 March 2019

d) The Date that payment is made is listed in the Minutes of the Council (to ensure payment is listed in Council's Minutes and available for public scrutiny).

The above recommendations have been reflected within the Cashbook Spreadsheet commencing 1st April 2019 and are to copied into the next month's minutes.

Recommendation 7: Following formal approve of the Precept the Council should ensure that its decisions regarding both the approval and the amount are clearly Minuted.

Noted and addressed as minuted in the meeting of the RPPC held on 17th October 2019.

Recommendation 8: The Chairman and Vice-Chairman should arrange to meet the Council's Payroll Services Provider, James Todd and Co., in order to identify the reasons why that the company was issuing incorrect pay slips in respect of the Clerk/RFO and completed an incorrect P60 End-of-Year Return for the year 2018/19. The Chairman and Vice-Chairman need to confirm with the Clerk/RFO and James Todd and Co. that adequate systems of operation will be put in place to ensure that the Council's position is protected in this regard and that the agreed system is documented and approved by the Council.

In corresponding with the payroll service provider the payment is now set at 12 months equally:

18 hrs x 52 @ £13.41 = £12,551.76 divided by 12 = £1045.98: a copy of the payslip showing tax due will be submitted with the clerk's monthly claim. The breakdown of Net Pay and HMRC payments will be identified on the internet banking authorisation form for payment to both parties to be made directly from the Council's account.

Holiday pay will be made in September and March following authorisation through internet banking and James Todd & Co to be notified prior to such claim.

Any overtime claim will follow the same procedures for authorisation as holiday pay and notification made to James Todd & Co prior to any payment to ensure it is reflected on the pay slip.

All the above is reflected in the new Financial Regulations.

Chairman: _____ Date: 27th May 2020

Clerk/RFO: L Keating Date 27 May 2020