

New matters

One significant issue has become apparent in the year.

It has been noted that the Cash Book is not written up when transactions are instigated. Rather it has become the custom to write the cash book up from the Bank Statements.

Ordinarily this has little consequence. However when cheques are written and not presented or income has been notified to the Council but not credited to the bank account this fact will go unnoticed. The practice negates the control arising from a bank reconciliation in regards to completeness. Payments which are not effectively made go unnoticed and receipts which are due but not paid over to the Council also will go unnoticed.

It is recommended that the Cash Book is written up promptly on the inception of an economic event. That is to say when a payment is approved by the Council or when the Council is notified of income becoming due. Then when a bank reconciliation is prepared in accordance with the Council's Financial Regulations it will highlight the non receipt of expected income or that payments have not been effectively made. The Bank reconciliation also will prove the completeness and accuracy of the Cash Book by reference to an external source.

There were some minor matters arising during my review of a simple housekeeping nature.

i) As previously reported, where cheques are written and recorded in the cash book and then subsequently cancelled it is recommended that rather than deleting the entry in the cash book (on a spreadsheet) a contra entry is made in the cash book indicating that the cheque has in fact been cancelled. It is recommended that where a cheque has been cancelled and is in the possession of the Council that the cheque is clearly cancelled on its face and attached to the relevant cheque stub. This would improve the audit trail.

ii) The Council received monies for the Potto Parish Plan Group and also makes payments on behalf of the Group as it does not have its own banking arrangements. The Group is regarded as independent from the Council. It is recommended that a memorandum record is kept of monies received and expended on behalf of the Group with the balance due to the group being recorded after every transaction. Thus it will be clear to the Council if and when they make a payment on behalf of the Group that it is being paid out of Group funds or, in the case of a shortfall out of Council monies and thus requires Council authorisation. This was reported last year and the monies have now been repaid to the Potto Parish Plan Group.

No other previously reported matters to clear.