

PRUDHOE TOWN COUNCIL – The Annual Audit

At the end of the financial year the RFO will complete the year-end by updating and concluding the cash book, ensuring all payments made and income received are recorded in the budget and completing a final bank reconciliation. This is an opportunity to check that payments are recorded in the appropriate budget headings and to finalise the end of year VAT account. An end-of-year Bank Reconciliation is completed that shows the sum of all bank accounts and cash holdings.

Once the EOY accounts are completed they can be made available to the Internal Auditor. The 'Internal Audit' which is carried out by an independent person, must be completed prior to the 'Review of Effectiveness of Internals Controls', which is carried out by committee and ensured and approved via a report to the Council prior to the External Audit: Annual Governance Statement. As well as the EOY accounts the internal auditor also reviews a number of other documents which include:

Insurance

Asset Register

Financial & Management Risk Assessment

Signed Minute Book

The **Accounting Statements** are approved and signed by the RFO. In addition to the Accounting Statements and the **EOY Bank Reconciliation**, the RFO must be able to fully explain any **significant variances** in accounting statements and the **difference between the EOY bank reconciliation and balances carried forward**. These documents make up the information that is sent to the External Auditor along with the **Internal Audit Report** and details of arrangements for the **exercise of elector's rights**.

The RFO set the dates for the exercise of elector's rights, which must be for a period of 30 days, must include the first 10 working days of July and must be as soon as practicable after the Council has signed-off the accounts.

As well as sending the required information to the External Auditor by 30th June, this must be published on-line also, by 1st July.

Before 1st October the Council should receive the notice of conclusion of external audit and a note of any issues arising. It is the responsibility of the RFO to bring these before the Council and to recommend action if necessary.

Following receipt by the Council, the following must be published on-line, by 1st October; **Notice of Conclusion of Audit, Governance Statements and Accounting Statements** (including amendments if limited assurance review), **External Auditor Report and Certificate**.

The Council is required to appoint a person responsible for the management of the council's affairs, LGA 1972, s 151.

The RFO has statutory obligations under Accounting and Audit Regulations 2011/817, which include signing the annual accounts.

The RFO should provide support to the council in regards internal control and the audit of its accounts and liaises with the internal and external auditors.

It is the responsibility of the Council to ensure it has a sound system of internal control, *Accounts and Audit Regulations 2015, part 2 (3)*, this includes undertaking an effective Internal Audit, *Accounts and Audit Regulations 2015, part 2 (5)* and carrying out a Review of Effectiveness of Internal Control, *Account and Audit Regulations 2015, part 2 (6)*. This informs the Council approving the Annual Governance Statement, which must be approved prior to approving the accounting statements. The Annual Governance Statements are signed by the Chair and the Clerk at the June meeting.

It is the responsibility of the RFO to sign the Accounting Statements and present them to the June meeting, they are then signed by the Chair of the meeting. As stated above, the result of internal audit, the review of effectiveness of internal control and the annual governance statement must all be received and approved before the accounting statements.

It is the responsibility of the RFO to set the period and publish accordingly on-line, *Account and Audit Regulations 2015, part (14-16)*. Once received by the council, the details must be published on-line, along with the Internal Audit Report, Annual Governance Statements, Accounting Statements and Notice of Electors Rights and name and address of External Auditor.