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22<sup>nd</sup> April 2019

To: Kirkby Stephen Town Council  
Cc: Clerk, Kirkby Stephen Town Council

**For the attention of Kirkby Stephen Town Council**

**Internal Audit Q3 & Q4**

I was presented with **Q3** (1<sup>st</sup> October-31<sup>st</sup> December 2018) and **Q4** (1<sup>st</sup> January -31<sup>st</sup> March 2019) accounting records, prepared by the RFO.

Bank statements were present from HSBC (Current account, BMM and Market Account) and Cumberland Building Society.

Transactional spreadsheets showing all payments and receipts were also present.  
AGAR figures checked as per RFO prepared spreadsheet.

I checked each transaction against the bank statements and records prepared showing income/expenditure. Every payment or receipt is accounted for with a paper copy, filed in voucher number order. All cheques had two sets of initials on each cheque stub. All invoices were present for the period.

Using KSTC RFO summary I can confirm that the balances for 31<sup>st</sup> March 2019 are correct.

HSBC Market Account	£0.00 now closed
HSBC Current Account	£0.00 now closed
HSBC BMM Account	£0.00 now closed
Cumberland	£43517.24 (with one payment outstanding of £87.59)

Since my last audit, the banking provider changed from HSBC to the Cumberland Building Society. I have witnessed the on line supplier payment process:

-Supplier payment set up by the RFO, email then generated through the banking portal to request payment authorisation. Transaction selected and authorised.  
I had not seen this two-part authentication previously, the whole process was safe, swift and seamless.

My recommendations for this internal audit period are:

1. Spreadsheets or pdf's holding sensitive data must be password protected if being sent by email to committee members or auditors and the password changed every six-month period.
2. The accountant of the Town Council is to be contacted regarding the MTD (making tax digital) process for future record keeping. VAT returns must hold digital data to be submitted to HMRC, that being cloud accounting software or bridging software.

This concludes my report for this six-month period. I will post a hard copy, signed to the Clerk.

*R Little*

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