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13 May 2019

West Felton Parish Council

Ladies and Gentlemen

I have been appointed as your Internal Auditor and am employed by the Council to conduct such tests as are agreed and are sufficient to enable me to complete the Internal Auditor's Report contained within the Audit Commission's Annual Return Form for the appropriate financial year.

My report this year is again based on the Guide issued by the Joint Panel on Accounting Guidance (JPAG) in March 2017. Whilst the tests I have made are taken from the appendices of the Practitioners' Guide, they are relevant to the various headings on the Annual internal audit report. I have again given my rationale for the answers given on that report.

A. Appropriate accounting records have been kept properly throughout the year.

Appropriate books of account have been kept properly throughout the year. A Cash Book is maintained, is up to date, regularly balanced and the reconciliation of the cash book balance and the bank statement is agreed by the council, usually at each meeting, although there have been problems with non-receipt of the statement from the Bank in time for a reconciliation to be done in time for that particular month's meeting. The reconciliations are signed by two Councillors. The checks and the problems are all suitably minuted see 58.18.a, 74.18.a, 170.18.a for some of them, I have checked them all for the year.. The books are made up to 31st March 2019 and were audited by me on 13th May 2019.

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

The council's financial regulations have been complied with. I checked a sample of the income received and also a sample of the invoices paid. A precept was requested of £19250, and the Neighbourhood Fund monies totalled £50,478.33. Payments were supported by invoices, all expenditure was approved and VAT was or will be properly accounted for. I tested a sample of the payment transactions (11), mostly high value payments, and found them to be satisfactory. Where applicable, prior to authorisation, the invoice is checked by the Clerk. All cheques require two signatures, and the cheque signatories are required to check and sign the original invoice that they have assured themselves that the payment is appropriate for payment and that the invoice and cheque are in agreement as to payee and value. From the samples checked, this is being done. VAT on those payments has been identified, and recorded separately, and the year-end claim agrees with the amount shown on the expenditure account. The new clerk amended the system operated by her predecessor to reflect the way VAT is shown, and is now being carried on by her successor. The Financial regulations were adopted by the full council at their meeting in October 2017 under minute 81.17 (a), and are to be re-visited in 2019. The Council have adopted a number of new policies, and a schedule of these is held in the Policies and procedures file. Basically the active policies e.g. Standing Orders, Financial Regulations, Code of Conduct will in future be reviewed annually, and all other policies will be reviewed every five years unless it is a new policy, when it will be reviewed after one year and thereafter every five years. If a policy needs reviewing sooner that will be done at that time. This is minuted under ref. 160.18.

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. The Risk Assessment policy was discussed and approved by the council in February 2019 under minute 220.18. The existing Insurance cover runs from 1 June 2018 to 31 May 2019. The insurance is for a three year term, but is reviewed annually and this was done at the meeting held on 8th May 2018 see minute 74.18.a.

D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate.

A budget was drawn up and was presented to the Council at their meeting on 8th January 2019. A detailed discussion of the budget proposals took place at that Council meeting, and after some amendments it was approved, under minute 202.18.a A precept was approved of £19227 which is a 0% increase under minute 202.18.f. A comparison of the actual spend with the budget is communicated to each councillor at each meeting, and in addition, a Budget monitoring report is presented to council. This was considered and noted. Minute 170.18.e refers.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.

All income has been received, is properly recorded and promptly banked where applicable. The recorded precept agrees to the Council Tax authority's notification. The council does not deal in cash or near cash items. VAT has been properly accounted for and has been claimed up to 31st March 2018, A refund for that claim of £2308.04 was received on 13th November 2018. and has been minuted under reference 170.18.b. The claim for 2018-19 will be made shortly.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

The council does not operate a petty cash system.

G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.

The clerk has a Contract of Employment, based on the NALC model. Salaries to the Clerk and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied and payments to HMRC are up to date.

H. Asset and investment registers were complete and accurate and properly maintained.

The council has an Asset register which is complete and accurate and properly maintained. This Asset Register was updated during the year and the new, amended register was approved by the Council on 13th November under minute 176.18. The council does not have an investment register as it has no investments.

I. Periodic and year end bank account reconciliations were properly carried out.

Periodic and year end reconciliations have been carried out and there is evidence that this has been done. The manner in which the periodic reconciliations were carried out in the past was unusual, but very effective, and I have, as usual had no problem in checking, not only that they have been carried out, but also that the councillors have been kept apprised of the Council's financial situation. This refers not only to the reconciliations, but also to their spending against budget.

J. Accounting statements prepared during the year were prepared on the correct accounting basis, (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.

Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, and supported by an adequate audit trail. At the year-end there are no unexplained balancing entries in the reconciliation, The year-end accounts have been prepared on the correct accounting basis (receipts and payments) and the value of investments held is not applicable. At the year end, there is an original bank statement for the current account and a reconciliation has been done.

Conclusion.

I have marked all the categories on the internal audit form as conforming to the required standard on the basis that under risk management there is little, or no risk attached to the council from any of the comments I have made.

From my internal audit testing there is no evidence of any irregularities and the points I have commented upon in my report come from the internal control testing appendix, and should provide the basis on which the council's own internal controls are set.

I am aware that the reserves of the Council have vastly increased. This is due to the Neighbourhood Fund monies which cannot be used to reduce the Precept, but must be spent on projects that benefit the community as a whole. I am aware that the Council regularly discuss projects for which this money could be used, and this is fully minuted.

The Clerk has been in post for just over a year, and has made great strides in learning her role. The books and other audit matters have been produced to me in an exemplary manner, and I would like to thank her for the tremendous amount of work she has put in. I am aware from the minutes that she has worked a tremendous amount of overtime, not out of her own volition, but the amount of work she has had to carry out. The council have readily paid for these extra hours, and they do keep a close watch on the matter.

General.

As I mentioned last year, and I have no hesitation in mentioning it again, you are not trying to run a huge council, and in the spirit of reasonableness which the External Auditors apply, I feel that the council, who give voluntarily of their time, often under difficult circumstances, are doing their best to run the parish for the benefit of ALL concerned. You are to be commended.

Yours faithfully

A handwritten signature in black ink, appearing to read "Bernard Townson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bernard Townson
Internal Auditor
13th May 2019