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Mrs E Martin
Clerk to Ogbourne St George Parish Council
Ivy House
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30 June 2019

Dear Elizabeth

OGBOURNE ST GEORGE PARISH COUNCIL

Internal audit report - Year ended 31 March 2019

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

I am bound by the ethical guidelines of the Institute of Chartered Accountants of England and Wales. I confirm that I am independent of the Council.

The internal audit work I have carried out has been planned to enable me to give to my opinion on the control objectives set out in the Internal Auditor's Report on the 2018-19 Annual Governance and Accounts Return.

I have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2018
- The Accounts and Audit (England) Regulations 2015 (as amended).

My internal audit work was carried out on 25 and 26 June 2018. A series of independent audit tests was undertaken using the various financial records, vouchers, documents, minutes, insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out at the visit.

Background

The Council had a locum Clerk in place for December 2018 to January 2019. The current Clerk was appointed in February 2019.

The Parish Council has income and expenditure of less than £25,000 and is not subject to external audit.

Internal audit checks

During this visit I checked the following:

- Minutes of Council Meetings
- Bank and cash
- Income and expenditure
- Payroll
- Risk assessment and insurance
- Budget and reserves
- Asset registers
- Compliance with Transparency Code for Smaller Authorities 2014
- Year end checks

Findings

Minutes of meetings

The minutes of the Council meetings from April 2018 to March 2019 were reviewed. All minutes had been approved at the following meeting and had been signed by the Chair.

Bank and cash

The Council has two bank accounts with Lloyds Bank plc

- Lloyds - Treasurer's account 01396464
- Lloyd's Business bank instant 00457028

Transactions in the accounting records had been agreed to the bank statements, but no bank reconciliations had been undertaken since November 2018.

I assisted the Clerk in completing a year end bank reconciliation. There were some timing errors on the financial records. Transactions were being recorded at the invoice date, not the date of the transactions. For cheques this is date on which the cheque is written and signed by the councillors, and for standing orders and direct debits it is the date on which the transaction appears on the bank statement.

A summary of income and expenditure is taken to each Council meeting. Bank reconciliations performed by the clerk were taken to the Council meetings and checked by Councillors up to the end of 2018.

Recommendations

- *The cash book is maintained so that cheques are recorded on the date they are written and signed by councillors, and standing orders and direct debits are recorded on the date they appear on the bank statement.*
- *Bank reconciliations are carried out monthly and are signed by the RFO.*

- *Bank reconciliations and bank statements are taken to Council meetings for checking, and this check is evidenced by the Councillor who performs the check.*

Income and expenditure

All expenditure from the current account was checked to source documentation, bank statements and cheque book stubs. A check was made to ensure that all expenditure had been properly authorised.

Precept payments were agreed to the bank statements and to the government database. Grant payments were agreed to bank statements.

VAT

VAT is reclaimed approximately annually. A VAT claim of £222.04 was made on 16 April 2018 for the period 1 November 2017 to 31 March 2018. The amount was paid to the Council on 10 May 2018.

The claim for the year to 31 March 2019 should be made soon.

Payroll

The Clerk is the only employee of the Council. The Council uses HMRC toolkit. Both Clerks who were in post during the year had an up to date contract of employment. All pay rises are properly authorised and recorded in the minutes of meetings.

Risk assessment and insurance

The Council has prepared a risk assessment. The risk assessment was adopted on 10 May 2018.

The Council's insurance was reviewed and is adequate.

Budget and reserves

The Council has a detailed budget. The council has included a General Reserve and earmarked reserves for street lighting. Although there is no separately documented Reserves policy the policy is recorded fully in the minutes at which the budget is approved by the Council. In my view, for a Council of this size that is adequate.

The Council monitored actual expenditure against budget regularly throughout 2018, this should be reintroduced for 2019-20.

Asset register

The asset register had not been updated for the purchase of the new play equipment in 2018-19.

Recommendation

- *The asset register is updated to allow for the scrapping of old play equipment and the purchase of new play equipment in 2018-19.*

Audit Note: *Assets should be recorded at cost on the asset register for inclusion on the Annual Governance and Accountability Return, and a value for insurance purposes should also be recorded.*

Compliance with Transparency Code

The Council's policies and procedures are on the website. The 2018 asset register is on the website. Minutes, agendas and payments over £100 are included.

Recommendations

- *The clerk refers to the Transparency Code for Smaller Authorities to ensure all the relevant year end information is included on the website eg. Variances and year end bank reconciliation*

Year end procedures

A check was carried out on the available end of year documentation provided by the Parish Clerk to confirm the accuracy of the details to be published on the Council's website and also the Certificate of Exemption to be submitted to the External Auditor.

I can confirm that the Council's income and expenditure is below £25,000 for 2018-19.

The Annual Internal Audit Report has been completed. Positive answers to all relevant objectives with the exception of

Objective A: *Appropriate accounting records have been properly kept throughout the year*

Objective I: *Periodic and year end bank reconciliations were properly carried out.*

Conclusion

Based on the tests I have carried out at this internal audit visit, in my view, the internal control procedures in operation during the period from 1 April 2018 to 31 March 2019 are, in all significant respects, adequate to meet the needs of Ogbourne St George Parish Council.

Next Steps

This report should be noted and taken to the next meeting of the Parish Council. The Council should decide what action will be taken on the recommendations I have made.

Kind regards

Yours sincerely



Bridget Bowen FCA

Internal auditor

Summary of recommendations

1. *The cash book is maintained so that cheques are recorded on the date they are written and signed by councillors, and standing orders and direct debits are recorded on the date they appear on the bank statement.*
2. *Bank reconciliations are carried out monthly and are signed by the RFO.*
3. *Bank reconciliations and bank statements are taken to Council meetings for checking, and this check is evidenced by the Councillor who performs the check.*
4. *The asset register is updated to allow for the scrapping of old play equipment and the purchase of new play equipment in 2018-19.*
5. *The clerk refers to the Transparency Code for Smaller Authorities to ensure all the relevant year end information is included on the website eg. Variances and year end bank reconciliation*