

JOHN K. MURRAY

TAXATION and ACCOUNTANCY SERVICES

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14 May 2015

Dear Amy

Stockbridge Parish Council -
Accounts for the year ended 31 March 2015 "Internal Audit"

I have now completed the "Internal Audit" of your Parish Council Accounts for the year ended 31 March 2015. I have carried out the Internal Audit following the guidelines as documented in the NALC/SLCC Book "Governance and Accountability in Local Councils in England and Wales - A Practitioners' Guide". In particular the Internal Audit has been carried out using "an approach to internal audit testing" contained in Appendix 9 of the 2014 Guide.

The following points arose during the Audit:-

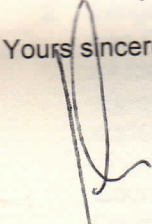
1. Minutes – there was payment schedule missing from the May 2014 Minutes. This problem is avoided when the payments authorised by the Council are contained within the body of the Minutes.
2. Lengthman's Scheme. This is a scheme funded by Hampshire County Council where (usually) one Parish Council acts as the "lead council" for a number of Councils. That Council received all the money – depending on the number of Councils involved – plus a payment to compensate for time administering the scheme. Usually the Clerk of the "lead council" undertakes this work and is paid via PAYE. In your case the Administrator is someone else – at one time a Parish Councillor (currently not). I can see no problems of a Stockbridge Councillor taking on this role as it is not Stockbridge who are paying but Hampshire County Council (using Stockbridge as their Agents), However, we did discuss the question of PAYE. Whilst Stockbridge is not funding this you are using its payroll - thus I believe you need a PAYE Code in order to keep with the HMRC Rules. That person will also need to be included in your yearend returns to HMRC.
3. Risk Assessment. It is important that the Council not only has a Financial Risk Assessment in place (you will need to send this to BDO if you are selected under their 5% sample for an Intermediate Audit) BUT you must have Risk Assessments in place for each of the two Cemeteries and any other place open to the public that is the Council's responsibility.
4. Insurance – I need a copy of your full Policy – including Assets insured please as this was not available at the time of Audit.
5. Burial Records. Again these were not available at the time of Audit. I need to see the Registers of Burials, Purchased Graves, memorials. The paperwork that goes with this (e.g. the green R of B&D Forms). Also the schedule of charges and date they were implemented.
6. Asset Register. Again this was not available at the time of Audit. I need to see one as soon as possible. I am very concerned about the amount declared in Box 9 of the Annual Return. I would also like clarification on the position of the Town Hall vis-à-vis the Parish Council. It seems there could be some discrepancy in the way this is treated – but until I receive this clarification I cannot advise further.

I have noted that the Audit Commission Pro-forma (with details of the Variations and Bank Reconciliation you will be sending off with this) have been adopted by the Parish Council and signed by the Chairman and the Clerk Will you please provide me with a copy of the Pro-forma - Schedules 1, 2 and 4 before they are sent off and Schedule 3 when returned signed by the Audit Commission. Will you also provide me with copies of the Bank Reconciliation, the Explanation of Variances and also a copy of your full set of Accounts? Please ensure that the adoption of the Accounts and the Audit Commission Pro-forma are minuted at the appropriate times - in particular Section 1 and Section 2 of the Pro-forma need to be specifically mentioned within the Minutes and this approval must be by **Full Council** and not by Committee. The receipt of this letter and any action taken on it should also be recorded within the Minutes. Please ensure (and I am sure you will) that the Form is fully completed (including filling in the boxes for the name of the Parish Council) otherwise it may be returned by the External Auditors.

If the Council wishes to discuss any of these points - or any other matter - now or in the future I would be more than happy so to do. Obviously, if the query can be cleared quickly by a 'phone call, then there would be no further charge. If, however, the matter requires some research on my part and/or would take time to resolve then I would have to charge and I would agree this with you beforehand so that there was no misunderstanding.

I enclose my Invoice for the work done so far.

Yours sincerely,



John K. Murray

Mrs. A. Taylor,
Clerk to Stockbridge Parish Council
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