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Our Ref: MARK/WOO003

Mrs L Bannister
Woodmancote Parish Council
48 Titmus Drive
Tilgate
Crawley
West Sussex
RH10 5ER

15th May 2019

Dear Leanne

Re: Woodmancote Parish Council
Internal Audit Year Ended 31st March 2019

Following completion of our internal audit on the 15th May 2019 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date. **Where appropriate recommendations for future action are shown in bold underlined text.**

Audit – Summary Findings

At the visit we reviewed and performed tests on the following areas:

- Review of the Financial Regulations and Standing orders
- Review of the risk assessments
- Review of the budgeting process
- Proper bookkeeping – review of the use of the accounts package.
- Review of annual accounts and AGAR
- Review of bank reconciliation
- Review of income
- Review of salaries
- Review of fixed assets and investments register

It is our opinion that the systems and internal procedures at Woodmancote Parish Council are very well established, regulated and followed. The Clerk is experienced and ensures the council follows best practice regulations and has over time adapted and changed the internal procedures as regulations and technologies have changed to maintain compliance.

It is clear the council takes policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are entirely fit for purpose. I would like to thank the Clerk for her hard work during the year and am pleased to say her high standard of work continues. I therefore make no recommendation for change at this stage.

I am of the opinion that the annual accounts and AGAR are ready to be signed off by council and that the AGAR is a true and fair reflection of the financial transaction of that of the council for the year ended 31st March 2019. Accordingly, I have signed off the AGAR.

A. BOOKS OF ACCOUNT

The council continues to use Excel for recording the day to day transactions of that of the council. On average there are approximately half a dozen transactions per month and the spreadsheets are populated on a regular basis. The Clerk produces a monthly hard copy bank reconciliation together with quarterly actual versus budget monitoring. Evidence of this is recorded in the minutes of council meetings.

There have been no reported issues in the past and for recording receipts and payments this is entirely fit for purpose and I see no reason to make any recommendation to change.

B. FINANCIAL REGULATIONS AND PAYMENTS

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations

The council in its May 2019 meeting adopted the NALC model Financial Regulations, which contain best practice provisions.

Check that the council's Financial Regulations are being routinely followed by tracking some sample payments

I have selected payments from December 2018 and traced the authorised payments to the invoices and bank statements, noting council authorisation at each stage. The invoices were annotated with the cheque number, date of payment and two signatories were evident on the cheque stubs. There were no cut off errors between the minutes.

The payment schedule as reported in the minutes is posted to the council website within the supporting papers and minutes to the meeting, this is in accordance with the Local Government Transparency Code requirements and ensures all payments are made available to the wider public. Where applicable personal information would be redacted. There is further quarterly accounting information published on the council website, providing a clear audit trail for every financial transaction.

In respect of invoice and payment authorisation invoices are signed by two councillors and payments have to be authorised by two councillors – this is in accordance with councils own financial regulations.

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £7.86 per elector.

The council had no s.137 expenditure during the financial year.

Confirm that checks of the accounts are made by a councillor.

Rudimentary checks are made at the council meetings to verify the bank reconciliation, invoices and payments. The limited number of transactions lends itself to this type of internal review.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months

The council reviewed and adopted Standing Orders in May 2019, which are based on the NALC model. These are reviewed annually as a minimum.

Check the draft minutes of the last meeting(s) are on the council's website

The council routinely posts up its minutes to its web site within 30 days of the meeting, draft minutes are replaced with final minutes after they have been signed off.

Check that agendas for meetings are published giving 3 clear days' notice.

The Clerk was able to demonstrate that at least 3 clear days' notice is given on both web site and hard copy agendas. This is in accordance with regulations.

Confirm that the council is compliant with the Data Protection Act 1998 and that plans are being put in place to comply with GDPR 2018.

The council is aware of the change in regulations and has undergone training. The minutes disclose council discussion of the same. A GDPR policy has been written and is now in place. The council have appointed an external Data Protection Officer (DPO). I am of the opinion that the council is taking seriously its obligation to fulfil the requirements of the GDPR.

Check the publication of councillor's contact details etc.

The website has contact details for the council, through which councillors can be contacted. The register of members' interests are published on the web site.

I am of the opinion that the council has robust policies and procedures in place and follows these. I make no recommendation to change.

C. RISK MANAGEMENT AND INSURANCE

The council's risk assessments is in a tabular format with risks listed and actions required. This is satisfactory for a council of this size. The council has policies in place.

The council is insured by Zurich on a standard local authority package. The money and assets cover appears adequate.

D. BUDGET AND PRECEPT

The council has £22,001 (2018: £22,299) of reserves, of which £10,000 is earmarked for the Parish Hall project, leaving £12,000 as a general reserve. General guidance recommends a general reserve of circa 50% of precept, adjusted for local conditions. At 138% of precept, the general reserve is higher than normally expected, although there are plans to potentially spend some of this during the year. The council is reminded that it has no power to accumulate general reserves and should regularly review its level of general and earmarked reserves to ensure they are being used for the benefit of the parish.

E. INCOME

The council has £8,675 (2018: £8,100) of precept income. This was verified against remittance advices and confirmed to bank statements showing payment received in two halves during the year.

The council has £1,919 (2018: £3,715) of other income. This comprises VAT refunds, rental income and an environmental cleansing grant. The reduction on the previous year's total is due to having received a Transparency Code grant and backdated rental payments in 2017/18, along with two VAT refunds during that period.

I am of the opinion that income is correctly shown on the AGAR.

F. PETTY CASH

The council has no petty cash.

G. PAYROLL

The council has £4,708 (2018: £4,127) of staff costs – this was reconcilable to the salary of the Clerk. There are no councillor allowances. Payments are approved by council in the usual manner and recorded in the minutes.

The Clerk has a signed contract of employment and her SCP scale point has successfully migrated onto the new scale with effect from 1 April 2019. Salary increments are recorded in the minutes and account for the increase on previous year's expenditure.

I am of the opinion that staff costs are correctly shown on the AGAR.

H. ASSETS AND INVESTMENTS

The council has £10,522 (2018: £8,167) of fixed assets. The assets are shown at cost and proxy cost in an asset register, which confirms the total entered onto the AGAR. The register also shows insurance value which is relatable to the insurance schedule. Additions during the year include a Speed Indicator Device (£2,385) and laptop (£350). There were no disposals during the year.

I am of the opinion that fixed assets are correctly shown on the AGAR.

I. BANK RECONCILIATIONS

The council has £22,011 (2018: £22,299) of bank and cash balances carried forward. The council has two bank accounts and no petty cash. The bank reconciliation as at 31st March 2019 was verified against year-end bank statements and confirms the figure recorded on the AGAR. Year-end balances are largely unchanged from the previous year.

I am of the opinion that bank balances are correctly shown on the AGAR.

J. YEAR END ACCOUNTS

The year-end accounts have been correctly prepared on the receipts and payments basis, with no requirement of a box 7 and 8 reconciliation.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2017/18 AGAR. There are no rounding errors on the accounting statement. The variance analysis has been completed for boxes 3 and 6 with sufficient explanation. The high level of reserves has also been explained on the variance analysis.

The council is taking advantage of the small authority exemption and will be submitting the exemption certificate to the external auditor and publishing the annual accounts on the council website, as in the previous year.

The council has made provision within its schedule of meetings to sign off the annual governance statement and accounts in time to display the notice of elector's rights.

I am of the opinion the accounts and AGAR will be ready for submission to the external auditor.

K. TRUSTEESHIP

The council has no trusts.

L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

This new internal control objective is not active for 2018-19 financial year. However, I confirmed with the Clerk that arrangements are in place at this council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

Inspection - Key date	2017-18 Actual	2018-19 Proposed
Accounts approved at full council	12 June 2018	11 June 2019
Date Inspection Notice Issued and how published	15 June 2018 on website and noticeboards	14 June 2019 on website and noticeboards
Inspection period begins	18 June 2018	17 June 2019
Inspection period ends	27 July 2018	26 July 2019
Correct length	Yes	Yes
Common period included?	Yes	Yes

Summary of rights document on website?	Yes - Attached to inspection announcement	Yes - Attached to inspection announcement
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I am satisfied the requirements of this control objective were met for 2017-18, and assertion 4 on the annual governance statement can therefore be signed off by the council. Plans are also in place to allow for inspection periods to be published and set correctly for 2018-19 accounts.

Should you have any queries please do not hesitate to contact me.

Kind regards

Yours sincerely

A Beams

Andy Beams