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Ms G Morgan-Denn
Clerk to Ogbourne St George Parish Council
7 Copse Avenue
Swindon
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3 July 2018

Dear Georgina

OGBOURNE ST GEORGE PARISH COUNCIL

Internal audit report - Year ended 31 March 2018

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 2017-18 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) 2017
- The Accounts and Audit (England) Regulations 2015 (as amended).

My internal audit visit was on 18 May 2018. At the visit 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.

Ogbourne St George 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
- Payments from bank account
- Payroll
- Risk assessment
- Budget and reserves
- Asset registers
- Compliance with Transparency Code for Smaller Authorities 2014

Findings

Minutes of meetings

The minutes of the Council meetings from April 2017 to March 2018 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

The year end bank reconciliation was reperformed and no errors were noted. There were no outstanding items at the year end.

A summary of income and expenditure is taken to each Council meeting. Currently the bank reconciliations performed by the clerk are not taken to the Council meetings or checked by Councillors.

Recommendation

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

Payments current bank account

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.

Audit note: *Two cheques (No's 667 and 668 totalling £248.88 do not appear to have been included on the payment schedule for Council approval.*

Cheque stubs are initialled by Councillors, however there is no check by Councillors to ensure that the cheques raised agree to the invoices for payment.

Cheque stubs 435 to 440 are dated 4 April 2017, but cleared the bank in March 2017. The cheques have been correctly included as payments in 2016/17.

Recommendation

- *Councillors check that the cheques raised for approval are supported by invoices, and evidence that check by initialling the invoices.*

VAT

VAT is reclaimed regularly. A VAT claim of 325.03 was made on 2 November 2017 for the period 1 April 2017 to 31 October 2017. The amount was paid to the Council on 22 November 2017.

All amounts on the return were agreed to invoices and no errors were noted.

Payroll

The Clerk is the only employee of the Council. The Council uses HMRC toolkit. The Clerk has an up to date contract of employment. All pay rises are properly authorised and recorded in the minutes of meetings.

The clerk is currently unsure how much tax and NI, if any will be due for 2018/19. Deductions are currently made from gross pay on the basis of 20% of gross salary.

Recommendation

- *The clerk keeps a close check on the amounts deducted from her salary at source during 2018/19 and compares the amounts deducted with the amounts due and settles the position on at least a six monthly basis.*

Risk assessment

The Council has prepared a risk assessment. The risk assessment was adopted on 10 May 2018. It was not approved or reviewed by the Council during 2017/18.

Recommendations

- *The Council ensures that it reviews the risk assessment at least annually in the future.*
- *The Council must consider its responses to assertions 5 and 7 on Section 1 of the Annual Governance and Accountability Return for 2017/18.*

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 monitors actual expenditure against budget regularly throughout the year.

Asset register

The asset register has been updated and the correct amounts will be recorded on the Annual Governance and Accountability Return.

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 current asset register is not yet on the website. Minutes, agendas and payments over £100 are included.

Recommendations

- *The current asset register is put on the Council's website.*
- *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 full check was carried out on the 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.

The comparative 2017 figures for inclusion on the 2018 Annual Governance and Accountability Return were restated for an amount incorrectly recorded in 2017 as staff costs.

The Annual Internal Audit Report has been completed. Positive answers to all relevant objectives with the exception of objective C: *This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*

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 2017 to 31 March 2018 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 good practice

<i>1. All records were up to date and easy to follow</i>
<i>2. The budgeting process is satisfactory and is monitored throughout the year</i>
<i>3. Bank reconciliations are carried out regularly</i>
<i>4. VAT claims are made regularly</i>

Summary of recommendations

<i>1. Bank reconciliations and bank statements are taken to Council meetings for checking, and this check is evidenced by the Councillor who performs the check.</i>
<i>2. Councillors check that the cheques raised for approval are supported by invoices, and evidence that check by initialling the invoices.</i>
<i>3. The clerk keeps a close check on the amounts deducted from her salary at source during 2018/19 and compares the amounts deducted with the amounts due and settles the position on at least a six monthly basis.</i>
<i>4. The Council ensures that it reviews the risk assessment at least annually in the future and considers its responses to assertions 5 and 7 on Section 1 of the Annual Governance and Accountability Return for 2017/18.</i>
<i>5. The current asset register is put on the Council's website.</i>
<i>6. 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.</i>