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## Signature Details

<b>Name:</b>	Laura Mann
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<b>Date &amp; Time:</b>	17/06/2019 16:11:50 (BST)
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<b>Signing Statement:</b>	Leigh Parish Council agrees and approves the contents of this document.

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Our Ref: MARK/LEI002

Mrs L Mann  
Leigh Parish Council  
7 Yew Tree Road  
Charlwood  
Surrey  
RH6 0DE

17<sup>th</sup> April 2019

Dear Laura

**Re: Leigh Parish Council**  
**Internal Audit Year Ended 31<sup>st</sup> March 2019**

Following completion of our interim internal audit on the 17<sup>th</sup> April 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 text and summarised in the tables at the end of the report.**

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The internal audit reports should therefore be made available to all members to support and inform them when they considering the authority's approval of the annual governance statement.

**Audit – Summary Findings**

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

- Review of the Financial Regulations & 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 & 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 Leigh Parish Council are regulated and followed. 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 am of the opinion that the annual accounts and AGAR are ready to be signed off by council and the external auditor 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 a dozen transactions per month. This is a clear and easy to follow system and a review of the cashbook shows that all data fields are being entered. My audit testing showed that supporting documentation could be easily located from records. I make no recommendation to change in this system.

I tested opening balances as at 1.4.18 and confirmed they could be agreed back to the audited accounts for 2017-18.

The council is not VAT registered and has no requirement to do so either. VAT refunds were agreed to underlying working papers. There were no errors on the returns. The last refund was up to Feb 2019. The council is up to date with its postings.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

I am of the opinion that the control assertion of "Appropriate accounting records have been properly kept throughout the financial year" has been met.

#### **B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS**

*Check the publication & minuting of the prior year audited AGAR and notice of conclusion of audit.*

External auditors report was not qualified in 2017/18. This was reported to council in November 2018. Evidence was also noted in the minutes of the internal auditor's report being reviewed and accepted.

The notice of conclusion of audit and audited AGAR have not been posted to the council website. This needs to be completed.

*Confirm by sample testing that councillors sign statutory office forms*

I confirmed by sample testing that Councillors sign "Acceptance of Office" forms and register of members interests, in line with regulations. **The councillors will need to sign acceptance to receive information by electronic means.** I have provided some sample wording below for council consideration.

*"As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time."*

*Confirm that the Council is compliant with the relevant transparency code.*

I note that the Council is required by law to follow the Transparency Code, the web site does contain the necessary information in order to comply with the regulations.

*Confirm that the Council is compliant with the GDPR.*

The council is aware of the GDPR. It was noted the Council is introducing common email addresses internally which is recommended because it gives a natural segregation between personal and councillor business, so it is clear beyond doubt in what capacity a councillor is acting, gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

*Confirm that the Council meets regularly throughout the year*

The council has the following committees:

- Full Council; meets circa monthly
- Finance Committee – meets once per annum

Spending powers are with full council.

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

The 3 clear days' notice has not always been given. **I remind council that 3 clear working days (which can include a Saturday) must be given on issuing agendas and supporting documentations.**

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

Draft minutes are uploaded to the council website. **I would recommend that this is made clear that final minutes can be obtained on request.**

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

The standing orders are based on the NALC model and are dated April 2017. **These need to be reviewed and minuted at least annually.**

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

Financial regulations are based on the NALC model and are dated April 2017. The regulations being based on the NALC model contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council. **These need to be reviewed and minuted at least annually.**

*Check that the council's Financial Regulations are being routinely followed.*

Financial regulation 2.2 deals with bank reconciliations, the council is performing a monthly bank reconciliation for all accounts and this is minuted in accordance with regulations.

The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below.

- £60,000 + Tender Process
- £3,000 - £60,000 3 quotations are required.
- £100 - £3,000 – strive to get 3 estimates
- 0 - £100 – power to spend

Financial regulation 4 deals with budgetary control and authority to spend. The council has thresholds in place at which authorisations to spend must be obtained.

- £5,000 + Full council approval
- £500 - £5,000 Delegated committee
- 0 - £500 – clerk & chairman

These are quite restrictive and not fully representative of current practice. **I recommend these are updated on next review.**

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations.

Financial regulation 6 deals with making payments. The council makes payments by cheque, standing order. Cheques must be signed by two individuals.

Financial regulation 7 deals with approval and authorisation of salaries, the minutes and files show evidence of authorisation of changes and of wages generally.

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

The council has no S.137 expenditure.

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

Whilst no specific audits are performed by councillors I am under no doubt that council properly approves expenditure.

I am of the opinion the council is following its own regulations and that any changes to financial regulations are to be considered minor and no indicative of errors in the system. I am therefore of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for", has been met.

All Other Payments £16,768 (2018: £30,136).

I have reviewed the expenditure list which is broadly similar to the prior year after accounting for one of expenditure items. The reason for the fall in expenditure year on year was due to Cricket Pavilion costs in 2018.

I am of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for", has been met.

#### **C. RISK MANAGEMENT & INSURANCE**

The Council undertakes a full risk assessment that covers operational and financial risks this is reviewed annually.

I have confirmed that the Council has a valid insurance certificate. The Council reviews its insurance requirements as part of the renewal process. Money and asset cover appear adequate.

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.", has been met

#### **D. BUDGET, PRECEPT & RESERVES**

Reserves Carried Forward £15,519 (2018: £22,592)

The council has £11,000 of earmarked reserves and £4,519 of general reserves. Rule of thumb calculations would indicate that the general reserve of circa £6k as adjusted for local conditions would be appropriate. The council's reserves are appropriate.

I am of the opinion that the control objective of "The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.", has been met.

#### **E. INCOME**

Precept income £12,772 (2018: £12,039)

Other income £2,619 (2018: £9,298)

The precept income was tested to bank statements; the local tax support grant has been correctly disclosed in box 3. Other income comprises, grants, interest, allotments & VAT refund. I have reviewed the cashbook and was able to agree receipts to remittances and there were no errors.

The council is in the process of reviewing allotment charges. **I remind council per par 9 of financial regulations these need to be reviewed and considered annually.**

I am of the opinion that the control objective of “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.”, has been met.

#### **F. PETTY CASH**

No petty cash

#### **G. PAYROLL**

Salaries £5,695 (2018: £4,935)

The amounts shown on the AGAR, were reconcilable to the payroll records, there were no errors. The payroll is processed by a third party.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken. There are no councillor allowances.

I am of the opinion that salaries are correctly stated on the AGAR and that the control object of “Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.”, has been met.

#### **H. ASSETS AND INVESTMENTS**

Fixed Assets and Investments £50,202 (2018: £48,760)

The fixed asset register has been maintained in an Excel spreadsheet and agreed to the AGAR. The asset register was up to date with all relevant assets as at the current financial year end.

The Council does not hold any long term investments i.e. over 1 year.

I am of the opinion that the control objective of “Asset and investments registers were complete and accurate and properly maintained.”, has been met.

#### **I. BANK & CASH**

Bank & Cash Balances £15,519 (2018: £22,592)

At the year-end date the council had a reconciled bank position which has been signed in accordance with financial regulations and will be reported to council. I tested the cut off and can confirm the payments and lodgements are shown in the correct year.

The council has two bank accounts. None of the accounts are long term investments and as such do not need to be disclosed in box 9 of the AGAR.

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of “Periodic and year-end bank account reconciliations were properly carried out.”, has been met.

#### **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 & 8 reconciliation.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2017-18 AGAR.

The variance analysis is required because there are variances greater than 15% and £200. This has been prepared on a summary table basis.

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 electors rights.

I am of the opinion the AGAR will be ready for submission to the external auditor within statutory time scales and that the control objective of "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.", has been met.

#### **K. TRUSTESHIP**

No trusts.

#### **L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**

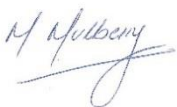
This new internal control objective is not active for 2018-19 financial year. However, I confirmed with the Clerk that arrangements are in place at this Council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

<b>Inspection - Key date</b>	<b>2017-18 Actual</b>	<b>2018-19 Proposed</b>
<b>Accounts approved at full council</b>	June 2018 Full Council	16 <sup>th</sup> May 2019
<b>Date Inspection Notice Issued and how published</b>	8 June – notice board & website	20 <sup>th</sup> May – notice board and web site
<b>Inspection period begins</b>	11 June	17 June
<b>Inspection period ends</b>	20 July	26 July
<b>Correct length</b>	Yes	yes
<b>Common period included?</b>	Yes	yes
<b>Summary of rights document on website?</b>	<b>Attached to inspection announcement</b>	<b>Attached to inspection announcement</b>

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 – the Council is planning to follow dates suggested by external audit.

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

Kind regards  
Yours sincerely



**Mark Mulberry**

Audit Point	Audit Findings	Council comments
Governance	The councillors will need to sign acceptance to receive information by electronic means.	
Governance	I remind council that 3 clear workings days (which can include a Saturday) must be given on issuing agendas and supporting documentations.	
Minutes	I would recommend that this is made clear that final minutes can be obtained on request.	
Financial regulations & standing orders	These need to be reviewed and minuted at least annually.	
Financial Regulations – budget approval to spend para 4	I recommend these are updated on next review.	
Annual Charges	I remind council per par 9 of financial regulations these need to be reviewed and considered annually.	