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Our Ref: MARK/WES002

Mrs C Smith
West Itchenor Parish Council
6 Locksash Close
West Wittering
Chichester
West Sussex
P020 8QP

23rd April 2018

Dear Carol

Re: West Itchenor Parish Council
Internal Audit Year Ended 31st March 2018

Following completion of our internal audit on the 23rd April 2018 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 flowing 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 & annual return
- 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 West Itchenor Parish Council are very well established, regulated and followed. The clerk is very 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 annual return are ready to be signed off by council and the external auditor and that the annual return is a true and fair reflection of the financial transaction of that of the council for the year ended 31st March 2018. Accordingly, I have signed off the annual return.

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 half dozen transactions per month and the spreadsheets are populated on a bi-monthly basis. The clerk produces a bank reconciliation, a payments list and authorisation list together with budget monitoring.

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 & payments

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

The council, in its May 2017 meeting adopted financial regulations and standing orders and in its July meeting resolved to adopt a set of changes to these documents. On both occasions the activity was minuted. This is in accordance with regulations.

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

I have selected the November 2017 minutes and traced the authorised payments to the invoices and bank statements, noting council authorisation at each stage. The invoices were annotated with bacs or cheque, amount, date of payment and two signatories.

The bacs payments are set up by the clerk on the on-line system and the councillors then authorise the payment on line. The bank system is such that the originator of the transaction cannot authorise the same transaction – there is segregation of duties.

In addition to this, the payment schedule as reported in the minutes is posted to the council website under finance, this is in accordance with the transparency Act requirements and ensures all payments are made available to the wider public. Where applicable personal information would be reacted.

The council has issued one cheque for £300in the year. In respect of invoice and payment authorisation invoices are signed by two councillors and payments have to be authorised by a councillor – 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 £7.57 per elector. The council has no S.137 expenditure.

Confirm that checks of the accounts are made by a councillor. A councillor has reviewed the accounts, bank reconciliations and signed off the bank statements – this activity is reported in the minutes.

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

The council, in its May 2017 meeting adopted financial regulations and standing orders and in its July meeting resolved to adopt a set of changes to these documents. On both occasions the activity was minuted. This is in accordance with regulations.

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 2 weeks of the meeting, should changes be required as notified at later meetings the minutes are updated.

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 Parish 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 and had external consultants perform reviews. In the March 2018 meeting the clerk made a report to council outlining much of the new requirements and a new GDPR policy is in the process of being written. 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 Parish Council email addresses & telephone numbers for all councillors, together register of interests. The minutes of the May 2017 meeting detail councillor representation to external bodies.

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

All Other Payments £16,629 (2017: £24,340).
The reduction in other payments is due in the main to spending in the 2016/17 year on operation watershed projects, that have not continued in 2017/18.

C. Risk management & insurance
The council has a detailed risk assessment document which is signed off each year and taken to council for approval. The newest version of this was taken to the March meeting for adoption. The document is very comprehensive a covers not only trips and hazards, but also financial and management risks. This document is entirely fit for purpose and I make no recommendation to change.

All council data is now stored on the cloud and regular backs ups are taken to an external drive stored in the council office.

I have confirmed that the Council has a valid insurance certificate. The Council reviews its insurance requirements as part of the renewal process. Asset & money cover appears adequate.

D. Budget, precept & reserves
Reserves Carried Forward £22,382 (2017: £16,678)

The council has £5,679 of earmarked capital reserves in the form of operation watershed monies leaving a general reserve of £16,703. This is entirely reasonable for a council of this size; against a precept of £22,160 rule of thumb calculations would indicate that the general reserve of circa £11k would be sufficient.

The Council was able to demonstrate that budget monitoring reporting to members is comprehensive, and is appropriately minuted.

I am of the opinion reserves are properly monitored.

E. Income
Precept income £22,160 (2017: £21,300)
Other income £9,871 (2017: £1,372)

The precept income was tested to remittance advice notes and bank statements, these were properly received and banked. There are no errors to report.

Other income comprises, grants, interest, & VAT refunds. I have reviewed the cashbook and was able to agree receipts to remittances and bank statements. The were no errors.

I am of the opinion that income is properly recorded.

F. Petty cash
There is an immaterial petty cash balance of £12, this is only used for light & heat at the village hall for which a meter payment is required. This is immaterial.

G. Payroll
£9,698 (2017: £9,524)
The council has one employee. The payroll is reconcilable to the annual return. The clerk has a signed contract of employment.

Payroll rates and hours were approved in the May meeting and in March 2018 a pay rise was approved.

H. Assets and investments
Fixed Assets and Investments £7,022 (2017: £7,022)

The fixed asset register agreed to the annual return, the register lists the assets, their cost or proxy cost together with insurance values. Assets are correctly stated at historic cost.

I. Bank reconciliations
Bank & Cash Balances £22,382 (2017: £16,678)
At the year-end date the council had a reconciled bank position which will be approved in the May meeting. I have reviewed the reconciliation there were no outstanding payments.

I am of the opinion that bank and cash balances are properly shown on the annual return.

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 annual return correctly casts and cross casts and the comparatives have been correctly copied over from the 2016/17 annual return.

The variance analysis is required for box 3 & box 6 only.

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 accounts and annual return will be ready for submission to the external auditor.

K. Trusteeship
No Trusts.

Should you have any queries please do not hesitate to contact me, finally I enclose a fee note for your kind attention.

Kind regards
Yours sincerely



Mark Mulberry