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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

26th June 2019

Dear Carol

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

Following completion of our internal audit on the 26th June 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 flowing 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 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 2019. 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 on a bi-monthly basis.

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 last revised and updated Financial Regulations in May 2018. These are based on the most up to date NALC model version. The activity was recorded in the minutes. 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 June 2018 and January 2019 bank statements and traced the authorised payments to the invoices, noting council authorisation at each stage. The invoices were annotated with BACS or cheque, amount, date of payment and two signatories.

The council has an internet banking policy outlining the arrangements for payments by the Clerk and councillors.

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 Local Government Transparency Act requirements and ensures all payments are made available to the wider public. Where applicable personal information would be redacted.

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 section 137 expenditure during the year as it holds the General Power of Competence.

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 last revised and updated Standing Orders in May 2018. These are based on the NALC model version. The activity was recorded in the minutes. 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. Draft minutes are clearly noted on the website.

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. The council has adopted a GDPR policy and appointed an external DPO. Additionally, councillors all have @westitchenorparishcouncil.org email addresses. 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 and telephone numbers for all councillors, together with the Register of Members' Interests.

I am of the opinion that the council has robust policies and procedures in place and follows these. Through discussion with the Clerk, the only additional policies I would recommend the council adopting are an Investment Policy and the Member/Officer Relations Protocol. Model versions of both policies are available on the SSALC website.

All Other Payments £44,125 (2018: £16,629).
The increase in other payments was primarily due to a payment to a barrister in regard to a planning appeal.

C. RISK MANAGEMENT AND 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 and 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 at the Chairman's home address.

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

D. BUDGET, PRECEPT AND RESERVES

Reserves Carried Forward £18,165 (2018: £22,382)

All funds held are in general reserve. General guidance recommends a general reserve of circa 50% of precept as adjusted for local conditions. The general reserve is slightly higher than recommended, but not unreasonable for a council of this size.

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 £23,573 (2018: £22,160)
Other income £26,192 (2018: £9,871)

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 and VAT refunds. I have reviewed the cashbook and was able to agree receipts to remittances and bank statements. There were no errors. The increase since the previous year is primarily due to a donation received from the local residents association.

I am of the opinion that income is properly recorded.

F. PETTY CASH

The council has no petty cash.

G. PAYROLL

Staff Costs £9,857 (2018: £9,698)

The council has one part-time employee. Payroll is completed internally using BrightPay. The payroll is reconcilable to the annual return. The Clerk has a signed contract of employment, based on the NJC model. Her SCP rate correctly transferred to new scale with effect from 1 April 2019.

I am of the opinion that staff costs are properly recorded.

H. ASSETS AND INVESTMENTS

Fixed Assets and Investments £7,022 (2018: £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. There have been no additions or disposals during the year. Assets are correctly stated at historic cost.

I. BANK RECONCILIATIONS

Bank and Cash Balances £18,165 (2018: £22,382)

At the year-end date the council had a reconciled bank position which was verified to year-end bank statements. 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 and 8 reconciliation.

The annual return correctly casts and cross casts and the comparatives have been correctly copied over from the 2017/18 annual return.

The variance analysis is required for box 3 and 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

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	14 May 2018	4 June 2019
Date Inspection Notice Issued and how published	1 June 2018 on website and noticeboards	5 June 2019 on website and noticeboards
Inspection period begins	4 June 2018	6 June 2019
Inspection period ends	13 July 2018	19 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

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