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Our Ref: MARK/PAR005

Mrs V Spiers
Parham Parish Council
20 Pines Avenue
Worthing
West Sussex
BN14 9JQ

14th May 2019

Dear Vicky

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

Following completion of our internal audit on the 14th 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 text.**

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 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 Parham 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 am of the opinion that the AGAR is a true and fair reflection of the financial transactions of the council for the year ended 31st March 2019. Accordingly, I have signed off the internal audit report.

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 regular basis. The Clerk produces a hard copy reports that are taken to council on a regular basis for approval.

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 reviewed and adopted NALC model Financial Regulations in July 2018. This is in accordance with regulations. **I would recommend these are loaded onto the website to provide transparency.**

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

I have selected the January 2019 minutes and traced sample payments to the invoices and bank statements, noting council authorisation at each stage. The invoices are attached to authorisation to pay and the bank payment screen print. There were no errors or missing payments/documents.

The BACS payments are set up and authorised by the Clerk on the on-line banking system, with authorisation obtained prior to the payment being made. A compensating control for the Clerk having single access rights to the bank is that all transactions are presented to and reviewed by council at every meeting.

The payments are listed in the minutes and as such are posted to the council website. 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.

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

The council had £300 of expenditure during the financial year, which is below the limit.

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

For each meeting the council receive and minute a list of receipts and payments, together with bank balances. Further internal reviews would be of no benefit as all transactions are reviewed at this stage.

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

The council reviewed and adopted NALC Model standing Orders in September 2018. This is in accordance with regulations. **I would recommend these are loaded onto the website to provide transparency.**

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, 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.

Three clear days' notice of a meeting is given, and signed and dated versions are available on the council website.

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. There is a privacy notice on the council website which is fully accessible and meets DDA requirements.

Check the publication of councillor's contact details etc.

The website has councillor contact details with new Register of Members' Interest forms being completed at the AGM. These will subsequently be loaded onto the website and checked at the next audit.

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 has a detailed risk assessment document which was reviewed in June 2018. The document is a simple list 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 backed up to one-drive (cloud).

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 £3,322 (2018: £5,008)

The council does not have earmarked reserves. General guidance suggest a general reserve of circa 50% of precept adjusted for local conditions in appropriate. The council holds a general reserve of £3,322 (86%) which is entirely appropriate for a council of this size.

I am of the opinion that reserves are not overstated.

E. INCOME

Precept income £3,860 (2018: £3,860)

Other income £176 (2017: £420)

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 a grant and a VAT refund. I have reviewed the cashbook and was able to agree receipts to remittances and bank statements. There were no errors.

I am of the opinion that income is properly recorded.

F. PETTY CASH

The council has no petty cash.

G. PAYROLL

Staff Costs £3,800 (2018: £3,515)

The council has one employee. Payroll is calculated in house using the HMRC on-line system, with net wages and PAYE being approved by council in the normal method. There are no councillor or chairman's allowances. Tax is paid

over to HMRC on time, this was verified for January against the bank statement. The payroll is reconcilable to the AGAR.

The Clerk has a signed letter as proof of employment. Payroll rates and hours are approved by council. The Clerk's SCP rate transferred correctly over onto the new scales from 1 April and was duly recorded in the minutes.

H. ASSETS AND INVESTMENTS

Fixed Assets and Investments £9,722 (2018: £9,572)

The fixed asset register agreed to the AGAR, the register lists the assets at their cost or proxy cost. There has been one addition of a new salt spreader £150.

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

I. BANK RECONCILIATIONS

Bank & Cash Balances £3,332 (2018: £5,008)

At the year-end date the council had a reconciled bank position which will be approved and signed off in May. I have reviewed the reconciliation for the one bank account, there were no outstanding payments and no cut off errors.

I am of the opinion that bank and cash balances are properly 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. The variance analysis has been completed in sufficient detail to understand the reasons for the year on year changes where required.

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 is a true and fair reflection of the financial transactions of that of the council for the year ended 31st March 2019.

The council have completed the certificate of exemption as under £25,000 as in previous years, but have completed the other AGAR documentation to support the internal audit process.

K. TRUSTESHIP

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	8 May 2018	14 May 2019
Date Inspection Notice Issued and how published	31 May 2018 on website and noticeboards	30 May 2019 on website and noticeboards
Inspection period begins	4 June 2018	3 June 2019
Inspection period ends	13 July 2018	12 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 – the council is planning to follow dates suggested by external audit.

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

A Beams
Andy Beams