

ABBERLEY PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. 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.	✓		
K. (For local councils only)			
Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

20/06/2018

Name of person who carried out the internal audit

KEVIN LITTINGS

Signature of person who carried out the internal audit



Date

20/06/18.

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Charlbury House
Menithwood
Worcester
WR6 6UN

25 May 2018

To the Councillors of the Abberley Parish Council

Dear Councillors,

INTERNAL AUDIT OF THE ABBERLEY PARISH COUNCIL

Engagement Letter – Internal Auditor

Thank you for appointing me as the Internal Auditor for Abberley Parish Council. I understand the role and responsibilities of being an Internal Auditor, as I have been the Internal Auditor for Pensax Parish Council for four years and for Abberley last year. I realise I am required to produce a report covering the audit of the 2017/18 Annual Accounts and completion of the 2017/18 Annual Return for the Parish Council.

External Auditor Report 2016/17 - Grant Thornton UK LLP

The External Audit for 2016/17 was completed by Grant Thornton, who charged £120 (including VAT). The "Precept" figure should have been £8,353 instead of £8,304 in Box 2 and as a consequence the "Total Other Receipts" figure should have been £2,906 instead of £2,955 in Box 3. These slightly revised figures have been restated in the 2017/18 Annual Return. The Internal Auditor's report needs to be considered by the Annual Meeting of Abberley Parish Council, which will be held on 16 May 2018, and be appropriately minuted before the Annual Accounts and Annual Return are submitted to the External Auditor.

External Auditor 2017/18 - PKF LittleJohn LLP

From 1 April 2017, the new External Auditor will be PKF LittleJohn LLP, who will undertake the External Audit function for Abberley Parish Council for the next five years.

Declaration of Interests

I should declare I know Trevor Nott, the Chairman of Abberley Parish Council, we sing in Abberley Church choir together. I am a member of the Abberley Parochial Church Council. I can confirm I will operate in an independent manner.

Internal Audit of the Annual Accounts for 2017/18

The Clerk to the Parish Council has provided me with all the accounting records and working papers, which support the production of the Annual Accounts and Annual Return. The working papers were correct.

I have examined and checked the following working papers:

- Receipts, Payments, Invoices and Vouchers
- Bank Statements and Cheque book
- Reconciliation Statements
- Asset Register
- Risk Assessment
- VAT Records and the arrangements for reclaiming VAT

The Parish Council does not have any "Petty Cash Payments", because they do not operate a "Petty Cash" system. Therefore, there is nothing to audit for this payment category.

I have been impressed with the significant work the Clerk to the Parish Council has undertaken in producing the Accounts and Annual Return, in order to meet the accounting requirement for the Parish Council. You will appreciate the Clerk is an employee of the Abberley Parish Council. The Parish Council is responsible for ensuring the appropriate tax has been deducted and paid to HRMC. However, there is no National Insurance liability on the Parish Council as the Clerk works less than 16 hours per week.

The Annual Accounts have been prepared on a "Receipts and Payments" basis and therefore accrual or prepayments are not required. As a consequence, some receipts and payments that relate to the year ended 31 March 2018 financial year will be included in the Annual Accounts for next year e.g. the External and Internal Audit fees.

The Parish Council has achieved an excess of £1,861 of receipts over payments in 2017/18. The Parish Council has a health financial reserve of £17,869 as at 31 March 2018. However, £8,500 has been specifically earmarked for repairs/maintenance for the Village Hall Car Park and £800 has been specifically earmarked for the Village Green.

Internal Audit of the Annual Report for 2017/18

The Clerk has provided me with the working papers to support the completion of Annual Return for 2017/18, which included an explanation of the main inter year variations in excess of 10%. The figures were all correct. Section 2 – Accounting Statements for 2017/18" will be signed by the Clerk to the Parish Council and the Chairman of the Abberley Parish Council to authorise/certify the Annual Accounts and Annual Return. My Internal Audit Report was reported to the Abberley Parish Council at Annual General Meeting held on 16 May 2018, which covered the Annual Accounts and Annual Return. It was agreed

both of these documents will also be considered in more detail at the Finance Committee meeting to be held on 20 June 2018. The Annual Accounts, Annual Return, working papers and my Internal Auditor Report will be submitted to the External Auditor.

Scope of Internal Audit and Reporting Requirements

I have signed "Section 4 of the Annual Report", which requires me to certify compliance with the guidance contained in the "Local Councils for England – Annual Return". This letter assists in meeting the requirement by the Internal Audit to produce a written report.

Annual Accounts and Annual Return 2017/18

The Clerk and I thought it would be good financial practice to include the two financial statements as appendices to my Internal Audit Report, which will give Councillors a clear understanding of where the figures have come in the Annual Accounts and how they are presented in the Annual Return.

Best Practice

I will continue to work with the Clerk to improve the Audit, Accountability and Governance Procedures during 2018/19 financial year. The Parish Council has three different accounts. All payments were processed through the main Abberley Parish Council - Account 10100056. Most of the non - staff payments made through the main account are under £200, significant benefits could be achieved from moving to an "on-line banking" system, which would improve cash flow, inter account transfers and speed up payments. I introduced an online banking facility with TSB when I was the Treasurer for a local charity.

Charity Commission

The Internal Audit requirements specified by the Charity Commission for a charity with an annual income of less than £25,000 per annum are not subject to formal Internal Audit or External Audit. However, they are subject to an Independent Examination, which is a fairly simple process. The Internal Audit requirements for Abberley Parish Council, which has an annual income of £11,934 per annum, are significantly more extensive than is required by the Charity Commission for a large charity.

If you need any further assistance on Internal Audit aspects during the next financial year please do not hesitate to contact me on 01584 881444.

Yours sincerely

Kevin Gittins ACMA, CPFA

Attachment Appendix 1 - Annual Accounts for 2017/18 - Receipts and Payment

Attachment Appendix 2 - Annual Return for 2017/18