

Charlbury House
Menithwood
Worcester
WR6 6UN

29 April 2019

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 for the last two years. I realise I am required to produce a report covering the audit of the 2018/19 Annual Accounts and completion of the 2018/19 Annual Return for the Parish Council.

External Auditor 2017/18 - PKF LittleJohn LLP

The External Audit for 2017/18 was undertaken by PKF LittleJohn LLP, who charged £200 (plus £40 VAT), which was recoverable from HMRC. The “Precept” figure should have been £8,627 instead of £8,700 in Box 2 and as a consequence the “Total Other Receipts” figure should have been £3,307 instead of £3,234 in Box 3. These revised figures have been restated in the 2018/19 Annual Return. The Internal Auditor’s report will be considered at the Annual Meeting of Abberley Parish Council, which will be held on 15 May 2019, and be agreed and minuted before the Annual Accounts and Annual Return are submitted.

Certificate of Exemption AGAR 2018/19 Part 2

The Clerk to the Parish Council has taken the appropriate action to obtain a “Certificate of Exemption” for the 2018/19 AGAR. As a consequence, the Parish Council will no longer be subjected to an External Audit, which will save the Parish Council £200 per annum and speed up the year-end accounting process.

Declaration of Interest

I should declare I know Trevor Nott, who is a Councillor on Abberley Parish Council, we sing in Abberley Church choir together and are both members of the Abberley Parochial Church Council and Abberley Churches Restoration Fund Committee Abberley Churches Restoration Committee. I also know Catherine Knight, who is the Chairman of the Abberley Parish Council, we are both members of the Abberley Churches Restoration Fund Committee.

I can confirm I will operate in an independent manner.

Internal Audit of the Annual Accounts for 2018/19

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
- Bank Reconciliation Statement
- Asset Register
- Risk Assessment
- VAT Records and the arrangements for reclaiming VAT
- Summary of Receipts and Payments

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 income tax and national insurance has been deducted and paid to HRMC.

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 2019 financial year will be included in the Annual Accounts for next year e.g. the Internal Audit fee of £20.

The Parish Council has achieved an excess of £7,292 of receipts over payments in 2018/19. The Parish Council has a health financial reserve of £25,161 as at 31 March 2019. However, the following specific reserves, amounting to £17,503, have been established :

- £9,000 for the repairs/maintenance of the Village Hall Car Park.
- £1,000 for the repairs/maintenance of the Village Green Footpath.
- £1,500 to cover an Emergency Bye Election.
- £6,003 for the Neighbourhood Plan.

Internal Audit of the Annual Report for 2018/19

The Clerk has provided me with the working papers to support the completion of Annual Return for 2018/19, which included an explanation of the main inter year variations in excess of 10%. The figures were correct. Section 2 – Accounting Statements for 2018/19” 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 is going to be presented by the Clerk to The Finance Committee met on 2 May 2019, including the 2018/19 Annual Accounts and Annual Return for approval.

My Internal Audit Report will then be reported to the Abberley Parish Council at the Annual General Meeting to be held on 15 May 2018 for approval along with the 2018/19 Annual Accounts and Annual Return.

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 meets the requirement for the Internal Auditor to produce a written report.

Annual Accounts and Annual Return 2018/19

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 gives Councillors a clear understanding of where the figures have come in the Annual Accounts and how they are presented in the Annual Return.

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 2018/19 - Receipts and Payment

Attachment Appendix 2 - Annual Return for 2018/19