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The Members of Brimpton Parish Council
c/o Mrs C McGarvie
Clerk to Brimpton Parish Council
71 Pelican Road
Pamber Heath
Tadley RG26 3EL

1st May 2019

Dear Ladies and Gentlemen

Internal Audit Report for the year ended 31st March 2019

Local councils are required to have an internal audit of their accounting records and their system of internal control by Regulation 5 of the Accounts and Audit Regulations 2015. During my visit in April 2019 I reviewed the financial systems and controls for the year to date, together with the financial statements and annual return.

My internal audit testing was based on the guidelines included in the revised NALC Governance & Accountability Practitioners Guide. My initial discussions with the Clerk confirmed the internal controls in place and a series of tests using the financial records, vouchers, minutes, previous audit reports etc were conducted to establish the effectiveness of these controls.

Overall conclusion

Generally, the financial records are well maintained and appear complete and fit for purpose. The control systems and procedures appear efficient and effective.

However the Financial Regulations were not observed when the defibrillator was purchased as only one quotation was obtained instead of the necessary two. Although this was an isolated error, I am therefore unable to state that the Council complied with its Financial Regulations in assertion B and my report is therefore qualified on that item alone.

Detailed report (structured around the questions in the annual internal audit report in the Annual Governance & Accountability Return)

As part of the testing I checked:

- A. Appropriate accounting records have been properly kept throughout the year**
 - The accounts have been maintained in an Excel spreadsheet which is quite adequate for councils of this size. The accounting records have been kept up-to-date.
- B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for**
 - The cashbook was reviewed for the year. A sample of payment invoices was checked to ensure that they had been approved, correctly paid and VAT treated correctly. No errors were found.

Observations:

- During the year a defibrillator was purchased with advice obtained from Heartstart. This item of expenditure was the largest purchase in the year by some margin. Only one quotation was obtained which does not comply with the Council's Financial Regulations.

If the Council have a good reason for not following Financial Regulations regarding competitive purchasing, then a resolution needs to be passed waiving the Financial Regulations.

I am therefore unable to state that the Council has complied with its Financial Regulations for this purchase.

- I understand that the Council is considering obtaining a credit card. Many councils find it useful to have such a facility. Guidance is provided in Governance & Accountability regarding the use of credit cards.

C. Council has proper risk assessment & management procedures

- Council minutes were scrutinised
- Insurance cover is obtained using a broker which specialises in parish council insurance.
- Standing Orders and Financial Regulations were updated in February 2018
- A monthly finance report showing receipts and payments and a bank reconciliation is taken to Council each month.

D. The Precept resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate

- The budget setting process for 2019-20 was complete at the time of my visit. The associated reports were reviewed and the process appeared thorough. The budget setting process included a review of reserves held by the Council.
- Quarterly reports showing income and expenditure against budget were provided to the Council although these were not minuted.

E. Expected income was received, recorded and banked; VAT appropriately accounted for

- The Excel spreadsheet was reviewed
- The precept was agreed to Council minutes and bank statements
- The VAT claim for the year was reviewed

F. Petty Cash expenditure supported

- No petty cash is maintained by Brimpton Parish Council

G. Payroll properly prepared, authorised and PAYE/NI requirements fulfilled

- Payroll is prepared in house using the HMRC basic tools package. No problems were identified.

H. Fixed assets register properly reflects the Council's assets

- The fixed asset register has been updated for movements in the year.

I. Periodic and year-end bank reconciliations properly carried out

- The bank reconciliations were reviewed. The Chairman and Vice-Chairman have initialled bank statements and reconciliations on a monthly basis throughout the year.

J. Accounting statements and annual return

- The financial statements, annual return and supporting documentation for the annual return were reviewed and agreed.

K. If the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt

- The Council did not meet the exemption criteria in 2017/18 and was subject to external audit. I will therefore mark this section as N/A in accordance with the guidance issued.

M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- The Council is not a trustee of any trust fund

Review of previous audit reports

There are no matters outstanding from previous audit reports.

I trust that these comments are self-explanatory, but please do not hesitate to contact me if you would like further details.

Yours faithfully



Claire Connell