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15 December 2020

Dear Bruce

BLEADON PARISH COUNCIL

Interim internal audit report - Year ended 31 March 2021

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

I am bound by the ethical guidelines of the Institute of Chartered Accountants of England and Wales. I confirm that I am independent of the Council.

The internal audit work I have carried out has been planned to enable me to give my opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2020-21 Annual Governance and Accounts Return.

I have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2020
- The Accounts and Audit (England) Regulations 2015 (as amended).

I was appointed as internal auditor to the Parish Council on 20 June 2020.

My first piece of audit work for 2020-21 was undertaken remotely in November and December 2020.

Background

The Clerk was appointed on 1 March 2020.

Bleadon Parish Council has income and expenditure of between £50,000 and £100,000 and is subject to review by the external auditor, PKF Littlejohn. The Council had other matters noted on its audit report relating to the AGAR having to be sent back for amendment, correctly disclosing on the Annual Governance Statement that it did not undertake a risk assessment in the year and amending the incorrectly completed Annual Internal Audit Report. Another item relating to the provision of public rights in 2020 was included and subsequently withdrawn by the external auditor.

The Council is the sole managing trustee of Bleadon Children's Playground. However, this was not disclosed on the 2019-20 AGAR.

The Council's accounting records are maintained on RBS Alpha.

Internal audit checks

I have undertaken a series of audit tests on the Council's financial records, vouchers, documents, minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out at the visit.

During this visit I checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash
- Income and expenditure
- Insurance
- VAT claims
- Budget and reserves

Findings

Details of good practice noted, my recommendations and other matters to be brought to the Council's attention are set out below.

Good practice

- The Clerk is CiLCA qualified
- The Council maintains its books and records on RBS software
- The Council's Standing Orders and Financial Regulations are reviewed regularly and are tailored appropriately for the Council
- The Council has appropriate policies in place
- The Clerk is aware of the requirements of GDPR and the Council is registered with the ICO
- Details of all payments authorised at meetings are recorded in the minutes
- The payroll is operated by an independent external payroll provider
- All employees have contracts of employment
- VAT claims are made regularly
- The Council has taken appropriate action to enable it to continue to meet and function during the Covid-19 pandemic

Recommendations

Minutes of meetings

- The total amount of expenditure approved at the meeting is recorded in the minutes.

Policies and procedures

- Financial Regulations currently state that all payments must be made by cheque. For understandable reasons this has not been happening and payments are made electronically by BACS and release of the payment is authorised by two Councillors. The current procedures are legal but are not in line with the Council's adopted Financial Regulations. Financial Regulations should be reviewed and updated to be consistent with the needs of and current processes in use by the Council, this should include the procedures around making electronic payments.

Bank and cash

- Bank reconciliations should be carried out to the last day of each month and be signed and dated by the Clerk.
- Bank reconciliations should be taken to Council meetings quarterly for checking by a Councillor. The Councillor should evidence the check by signing and dating the bank reconciliation.
- Cheques should be recorded in the cash book on the date they are written. Direct debits and Standing Orders should be recorded in the cash book on the date they clear the bank. BACS payments should be recorded in the cash book on the day that the payment is released, even if the actual payments leave the bank on a different day.
- Bank payments made by BACS have been recorded in the cash book as direct debits. This is not correct and can lead to errors being made on the bank reconciliation. The payment method, BACS/Bank payment/ Standing Order/ Direct debit / Cheque should be accurately recorded.

Income and expenditure

- Councillors should have sight of supporting documentation for all payments before authorising them for approval, including salaries. This can be either in physical hard copy or scanned electronic copies. Evidence of approval of invoices should be obtained, either by email or some other method if more practical.

VAT claims

- Care should be taken that all VAT reclaimed is supported by a valid VAT invoice addressed to the Council.

Sole managing trustee

- The Council is the sole managing trustee of Bleadon Children's Playground. However, on the 2019-20 Annual Governance and Accountability Return the Council has declared that it is not a sole managing trustee. This should be corrected on the 20120-21 AGAR and an explanation provided to the external auditor.

Other matters to be brought to the Council's attention

- There are no other matters to bring to the Council's attention.

Conclusion

Based on the tests I have carried out at this interim internal audit visit, in my view, the internal control procedures in operation are adequate in all significant respects, to meet the needs of Bleadon Parish Council.

Next visit

The next internal audit visit will be arranged for May 2021.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Income and expenditure
- Payroll
- Risk assessment
- Asset register
- Action taken on the recommendations in this report
- Year end checks

Next Steps

This report should be noted and taken to the next meeting of the Parish Council. The Council should decide what action will be taken on the recommendations I have made.

Kind regards

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Bridget Bowen', written in a cursive style.

Bridget Bowen FCA

Internal auditor