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11 June 2022

Dear Bruce

**BLEADON PARISH COUNCIL**

**Internal audit report - Year ended 31 March 2022**

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 2021-22 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)' 2021
- The Accounts and Audit (England) Regulations 2015 (as amended).

I was appointed as internal auditor to the Parish Council on 5 May 2021.

My final internal audit review for 2021-22 was undertaken remotely in June 2022.

## Background

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 2021 external audit has not yet been completed.

The Council is the sole managing trustee of Bleadon Children's Playground.

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
- Bank and cash
- Income
- Expenditure
- Risk assessment
- Asset register
- Action taken on the recommendations in prior report
- Year end checks

## 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 noted at this review

- 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
- Councillors attend training by the local branch of the National Association of Local Councils
- Details of all payments authorised at meetings are recorded in the minutes
- All payment vouchers tested were evidenced as approved
- The payroll is operated by an independent external payroll provider
- All employees have contracts of employment
- The budgeting process is detailed and thorough and monitored throughout the year
- VAT claims are made regularly
- The Finance Committee takes an active scrutiny role
- The risk assessment has been adopted during the year
- The asset register is complete and accurate and has been properly maintained

### **Good practice continued**

- Adequate insurance is in place
- Action has been taken, or is underway on all of the recommendations in the last internal audit report
- The Council has taken appropriate action to enable it to continue to meet and function during the Covid-19 pandemic

### **Recommendations**

#### ***Bank and cash***

- Whilst bank reconciliations are taken to Council/Finance Committee meetings and the bank statement is initialled by a councillor, there is no initial on the bank reconciliation itself to evidence that it has been checked. The bank reconciliation should be initialled by the RFO and initialled by a councillor as evidence that it has been checked.
- 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 BACS transfer date as recorded on the BACS authorisation form, even if the actual payments should leave the bank on a different day. The only reconciling items on the bank reconciliation should be unrepresented cheques and amounts paid into the bank that have not appeared on the bank statement yet. BACS payments and Direct Debits should never appear as reconciling items.

#### ***Expenditure***

- Payments are frequently made by the Clerk and reclaimed, especially if the purchase has to be made on-line. The Council should consider obtaining a debit card in the Council's own name to reduce this.

### **Other matters to be brought to the Council's attention**

- The bank reconciliation at 31 March 2022 has been done using the bank balance at 1 April 2022. A cheque payment of £15.45 left the bank on 1 April 2022. The figure in Boxes in 7 and 8 on the AGAR is correct. However, the bank reconciliation is not correct. The correct bank balance of £8,172.36 should be used for the current account and cheque number 900 of £15.45 should be included as an unrepresented cheque.

### **Conclusion**

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

**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