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Our Ref: MARK/COL005

Mrs B Clayden
Colgate Parish Council
36 Leighlands
Pound Hill
Crawley
West Sussex
RH10 3DW

30th May 2018

Dear Bev

Re: Colgate Parish Council
Internal Audit Year Ended 31st March 2018

Following completion of our internal audit on the 30th May 2018 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date. Where appropriate recommendations for future action are shown in bold text.

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The internal audit reports should therefore be made available to all members to support and inform them when they are considering the authority's approval of the annual governance statement.

Audit – Summary Findings

At the visit we reviewed and performed tests on the following areas:

- Review of the Financial Regulations & Standing orders
- Review of the Risk Assessments
- Review of the Budgeting process
- Proper Bookkeeping – review of the use of the accounts package.
- Review of annual accounts & AGAR
- Review of bank reconciliation
- Review of income
- Review of salaries
- Review of Fixed Assets and Investments register

It is our opinion that the systems and internal procedures at Colgate Parish Council are very well established, regulated and followed. The clerk is very experienced and ensures the council follows best practice regulations and has over time adapted and changed the internal procedures as regulations and technologies have changed to maintain compliance.

It is clear the council takes policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are entirely fit for purpose. I would like to thank the clerk for her hard work during the year and am pleased to say her high standard of work continues.

I am of the opinion that the AGAR is ready to be signed off by council and the certificate of exemption sent to the external auditor. The AGAR is a true and fair reflection of the financial transaction of that of the council for the year ended 31st March 2018. Accordingly, I have signed off the AGAR Internal Audit Report.

A. Books of account

The council continues to use excel for recording the day to day transactions of that of the council. On average there are approximately a half a dozen transactions per month and the spreadsheets are populated on a monthly basis. The clerk produces a hard copy and electronically a bank reconciliation, a payments list and authorisation list together with bi-monthly budget monitoring.

There have been no reported issues in the past and for recording receipts and payments this is entirely fit for purpose and I see no reason to make any recommendation to change.

B. Financial regulations & payments

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations.

Financial regulations were reviewed in June 2017. This is in accordance with regulations.

Check that the council's Financial Regulations are being routinely followed by tracking some sample payments

I have selected the October 2017 minutes and traced the authorised payments to the invoices and bank statements, noting council authorisation at each stage. The invoices were annotated with cheque number, **I would recommend that in future invoices are initialled at the time the cheques are signed. This adds a further level of control to the payments system.**

The payment schedule as reported in the minutes is posted to the council website within the supporting papers and minutes to the meeting, this is in accordance with the transparency Act requirements and ensures all payments are made available to the wider public. Where applicable personal information would be redacted.

The council has issued cheques in the year. The stubs have been initialled twice in accordance with regulations.

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £7.57 per elector. The council has had £2,400 of grants, this is within thresholds.

Confirm that checks of the accounts are made by a councillor. The councillors see the cashbook, and all invoices together with bank rec each meeting, further checks are not necessary for a council of this size.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months

The standing Orders were reviewed in June 2017.

Check the draft minutes of the last meeting(s) are on the council's website

The council routinely posts up its minutes to its web site within 30 days of the meeting, should changes be required as notified at later meetings the minutes are updated.

Check that agendas for meetings are published giving 3 clear days' notice.

The clerk was able to demonstrate that at least 3 clear days' notice is given on both web site and hard copy agendas. This is in accordance with regulations.

Confirm that the Parish Council is compliant with the Data Protection Act 1998 and that plans are being put in place to comply with GDPR 2018. The council is aware of the change in regulations and has undergone training. The minutes disclose council discussion of the same. A GDPR policy is in the process of being written. I am of the opinion that the council is taking seriously its obligation to fulfil the requirements of the GDPR.

Check the publication of councillor's contact details etc

The website has a contact details for councillors. The register of interests is published on the web site, together with Councillor representation to external bodies.

I am of the opinion that the council has robust policies and procedures in place and follows these. I make no recommendation to change.

All Other Payments £14,651 (2017: £6,234).

The increase in other payments is due in the main to spending on gates, grants and defibrillators. This has been detailed on the variance analysis.

C. Risk management & insurance

The council has a detailed risk assessment document which was reviewed in February 2018. The document is comprehensive and covers not only trips and hazards, but also financial and management risks. This document is entirely fit for purpose and I make no recommendation to change.

Council data is stored off site.

I have confirmed that the Council has a valid insurance certificate. The Council reviews its insurance requirements as part of the renewal process. Asset & money cover appears adequate.

D. Budget, precept & reserves

Reserves Carried Forward £8,968 (2017: £15,567)

The council has £2,950 of earmarked reserves and a general reserve of £6,017. Rule of thumb calculations would indicate that the general reserve of circa £7-£8k as adjusted for local conditions would be considered reasonable.

The Council was able to demonstrate that budget monitoring reporting to members is comprehensive, and is appropriately minuted.

I am of the opinion reserves are properly monitored and general reserves are adequate for a council of this size.

E. Income

Precept income £15,424 (2017: £12,400)

Other income £1,427 (2017: £3,594)

The precept income was tested to remittance advice notes these were properly received and banked. The local tax support grant was correctly shown in box 3. There are no errors to report.

Other income comprises, grants, interest, and a VAT refund. I have reviewed the cashbook and was able to agree receipts to remittances and bank statements. There were no errors.

I am of the opinion that income is properly recorded.

F. Petty cash

No petty cash

G. Payroll

Total Payroll Costs: £8,799 (2017: £7,644)

The council has two employees, both part time. The payroll is processed by an external firm, we selected a month drawn at random and were able to prove the cashbook entry to the underlying documentation. There were no errors. The payroll is reconcilable to the AGAR.

The clerk has a signed contract of employment.

H. Assets and investments

Fixed Assets and Investments £18,939 (2017: £16,056)

The fixed asset register agreed to the AGAR, the register lists the assets, their cost or proxy cost together with insurance values. Assets are correctly stated at historic cost. The council purchased new gates and salt bins in the year, and was donated defibrillators.

I. Bank reconciliations

Bank & Cash Balances £8,968 (2017: £15,567)

At the year-end date the council had a reconciled bank position which was approved in the May meeting. I have reviewed the reconciliation there were outstanding cheques, which have been proved to underlying documentation.

I am of the opinion that bank and cash balances are properly shown on the AGAR.

J. YEAR END ACCOUNTS

The year-end accounts have been correctly prepared on the receipts and payments basis, with no requirement of a box 7 & 8 reconciliation.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2016/17 AGAR. The variance analysis is required and has been completed correctly.

The council has made provision within its schedule of meetings to sign off the annual governance statement and accounts in time to display the notice of electors rights.

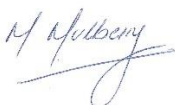
I am of the opinion the accounts and AGAR exemption certificate will be ready for submission to the external auditor.

K. Trusteeship

No Trusts.

Should you have any queries please do not hesitate to contact me, finally I enclose a fee note for your kind attention.

Kind regards
Yours sincerely



Mark Mulberry