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Our Ref: MARK/COL005

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

5th June 2019

Dear Bev

**Re: Colgate Parish Council
Internal Audit Year Ended 31st March 2019**

Following completion of our internal audit on the 5th June 2019 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 and 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 Bev 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 2019. 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 regular basis. The Clerk produces a hard copy and electronically a bank reconciliation, a payments list and authorisation list together with quarterly 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 AND PAYMENTS

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

Financial Regulations were last reviewed and updated in March 2018. This is in accordance with regulations. They are based on the NALC model version and are on the agenda for further review at the June 2019 meeting.

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

I selected chq 925 issued in November and traced the authorised payment to the invoices and bank statements, noting council authorisation at each stage. The invoices were clearly annotated with cheque number, and initialled by councillors, as was the cheque stub.

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

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £7.86 per elector

The council had £4,928 of section 137 during the year, which is within thresholds. The council now have the General Power of Competence following the elections in May 2019.

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

Standing Orders were last reviewed and updated in March 2018. This is in accordance with regulations. They are based on the NALC model version and are on the agenda for further review at the June 2019 meeting.

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. There is no clear way of knowing whether published minutes are in draft format or adopted and **I recommend introducing the 'draft' watermark until adoption to provide clarity.**

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. An external company has been appointed to act as DPO and performs an annual review of the council's GDPR position. Councillors have specific email addresses for council business. 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 Members' 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 £12,171 (2018: £14,651).

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 AND 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. It is scheduled for further review at the June 2019 council meeting.

Council data is stored externally.

I have confirmed that the council had a valid insurance certificate for the year. This expired on 31st May 2019 and has subsequently been renewed. The council reviews its insurance requirements as part of the renewal process. Asset and money cover appears adequate.

D. BUDGET, PRECEPT AND RESERVES

Reserves Carried Forward £14,764 (2018: £8,968)

The council has £6,987 of earmarked reserves split across three categories and a general reserve of £7,777. General guidance recommends a general reserve of circa 50% of precept, adjusted for local conditions. The council's general reserve is entirely appropriate for a council of this size.

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 £19,320 (2018: £15,424)

Other income £9,367 (2018: £1,427)

The precept income was tested to remittance advice notes these were properly received and banked. There are no errors to report. The band D equivalent remained unchanged year on year, but due to a tax base increase the total amount of precept received increased.

Other income comprises, grants, interest, and a VAT refund. The increase on the previous year is primarily due to the receipt of CIL (£4,800) plus the return of an unused grant chq (£1,000) and an insurance claim (£1,424).

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

The council has no petty cash.

G. PAYROLL

Total Payroll Costs: £10,722 (2018: £8,799)

The council has two employees, both part time. The payroll is processed through West Sussex County Council. The payroll is reconcilable to the AGAR and upon review no errors were identified.

The Clerk has a signed contract of employment, based on the NALC model. Salary scales successfully migrated onto the new scale with effect from 1st April 2019.

Hours have increased for both employees since last year, along with the litter picker receiving an increment due to the increase in minimum wage.

I am of the opinion that payroll is properly managed.

H. ASSETS AND INVESTMENTS

Fixed Assets and Investments £18,939 (2018: £18,939)

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. There have been no additions or deletions during the year.

I. BANK RECONCILIATIONS

Bank and Cash Balances £14,764 (2018: £8,968)

At the year-end date the council had a reconciled bank position which was approved in the May meeting. I have verified the reconciliation against the year-end bank balances. There were outstanding cheques at year-end, which have been proved to underlying documentation and subsequently cleared on the April bank statement.

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 and 8 reconciliation.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2017/18 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 will be ready for submission to the external auditor.

K. TRUSTESHIP

The council has no trusts.

L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

This new internal control objective is not active for 2018-19 financial year. However, I confirmed with the Clerk that arrangements are in place at this council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

| Inspection - Key date | 2017-18 Actual | 2018-19 Proposed |
|--|---|---|
| Accounts approved at full council | 14 May 2018 | 13 May 2019 |
| Date Inspection Notice Issued and how published | 2 June 2018 on website and noticeboards | 7 June 2019 on website and noticeboards |
| Inspection period begins | 4 June 2018 | 10 June 2019 |
| Inspection period ends | 13 July 2018 | 19 July 2019 |
| Correct length | Yes | Yes |
| Common period included? | Yes | Yes |
| Summary of rights document on website? | Yes - Attached to inspection announcement | Yes - Attached to inspection announcement |

I am satisfied the requirements of this control objective were met for 2017-18, and assertion 4 on the annual governance statement can therefore be signed off by the council. Plans are also in place to allow for inspection periods to be published and set correctly for 2018-19 accounts.

Should you have any queries please do not hesitate to contact me.

Kind regards
Yours sincerely

A Beams
Andy Beams



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