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Mrs J Noles
Clerk to Charlton Kings Parish Council
26, Church Street
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19 January 2020

Dear Joanne

CHARLTON KINGS PARISH COUNCIL

Interim internal audit report - Year ended 31 March 2020

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 2019-20 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)' 2019
- The Accounts and Audit (England) Regulations 2015 (as amended).

I was appointed as internal auditor to the Parish Council on 30 September 2019.

My first interim internal audit visit was on 14 January 2020. As this was my first visit some time was spent gathering background information from the clerk, understanding and recording the Council's systems and controls.

Background

The Clerk commenced employment with the Council on 1 July 2019. She is currently studying for the CiLCA qualification and hopes to qualify in the next twelve months.

Charlton Kings Parish Council has income and expenditure of between £100,000 and £200,000 and is subject to review by the external auditor, PKF Littlejohn. The Council had a [clean] annual report from the external auditor for 2018-19.

The Council is not a sole manging trustee.

The Council is not required to comply with either Transparency Code as it's income and expenditure falls between the thresholds for which either of the Transparency Codes apply.

It is good practice for the Council to comply with the Local Government Transparency Code 2015.

The Council's accounting records are maintained on Scribe accounting software. Payroll is outsourced to PATA.

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
- Expenditure
- Payroll
- Risk assessment and insurance
- Asset register
- Budgets 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 studying for the CiLCA qualification
- The Council maintains its books and records on Scribe software
- All records were up to date and easy to follow
- 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

Good practice – continued

- Bank reconciliations are prepared accurately and regularly
- All payment vouchers tested were evidenced as approved
- The payroll is operated by an independent external payroll provider
- All eligible employees have either been auto-enrolled in a pension scheme or have opted out in writing
- 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
- Councillors undertake regular spot checks throughout the year
- The risk assessment has been adopted during the year

Recommendations

Minutes of meetings

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

Policies and procedures

- Whilst the expenditure authorisation procedures in place are robust, they are not what is set out in the Financial Regulations. It is recommended that the Financial Regulations (in particular FR 5) are updated to reflect the actual processes in place for authorisation of expenditure.
- The Council draws up a reserves policy setting out the level of general reserves required.

Income and expenditure

- The payment schedules taken to Council meetings include a total of the amount of expenditure to be approved.
- The Council considers the level of the Fidelity guarantee. Currently at £250,000 this is low compared to the level of the council's reserves. A guide is the year-end balance plus half the precept which is in excess of £300,000.

Transparency

- Annual returns for the past five years should be on the Council's website.

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 to meet the needs of Charlton Kings Parish Council.

Next visit

The next internal audit visit has been arranged for 9 June 2020.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Income
- VAT claims
- Transparency code
- 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, which appears to be 'Bridget Bowen', is written over a black rectangular redaction mark.

Bridget Bowen FCA

Internal auditor