

The Hollies, Great Asby, Appleby, Cumbria CA16 6HD

'phone: (017683) 53433

email: johnbevan@compuserve.com

12 April 2019

*To: The Chairman of Asby Parish Council
cc: the Clerk of Asby Parish Council
for the attention of Asby Parish Council*

Internal Audit 2018-19

I have just carried out my year-end check of the Council's accounts & procedures etc for the financial year 2018-2019.

(a): In accordance with the plan agreed for this year's work, I have checked the Council's account balances and bank reconciliation: and I have examined sample transactions and the related paperwork. The records are satisfactory.

I confirmed the Council's financial situation at the beginning, and at the end, of the year, which was as summarised below:-

ASBY P-CCL		
BANK ACCOUNTS		
	<i>YEAR END</i>	
	2018/19	2017/18
BANK	£	£
HSBC Current a/c ...246	0.00	11,073.86
HSBC interest a/c ...746	0.00	1,421.80
CBS a/c ...048	15,264.00	0.00
Cash	0.00	0.00
<i>CQ437 unrepresented</i>	<i>none</i>	-30.00
TOTAL RESOURCES C/F	15,264.00	12,465.66
YR to YR	2,798.34	2,894.07

In the course of the year, the Council moved its Bank accounts from the HSBC to the Cumberland Building Society, both to improve its banking practices and because the HSBC's service was proving less than satisfactory. During the transfer of the accounts, and despite repeated requests, the HSBC failed to provide a closing Statement for the Council's current account, which meant that one significant payment could not explicitly be fully verified - the payment numbered 42 in the transaction records [Clerk's wages]. However, that the payment was actually made is confirmed by the transferred balance, and I am assured that the payment "in" is duly recorded in the Clerk's personal Bank statements.

(b): The reporting of the Council's year end financial position now takes appropriate account of the points I made in my report last year [1 May 2018].

(c): Last year was the first in which the new AGAR procedures came into effect, and the Council was able to claim exemption from external audit. The position is essentially the same this year, save that – it being an election year - the relevant forms may, and should, be completed by the Council immediately following its forthcoming meeting.

(d): In this connection, however, I need to draw the Council's attention to the current size of its reserves. The Council currently holds no **restricted** funds [*i.e.* those held exclusively for strictly designated purposes, such as the future extension of the burial ground], and its exemption from external audit requires that its general reserves should not exceed twice its precept for the relevant year. At the close of the year the relevant figures are Precept £6,967 [£7,000 'claimed', figure technically adjusted], Reserves £15,264 [just under **2.2** times the Precept].

Note: the Council's "reserves" are, for this purpose, simply the total amount that it is holding "undesignated" at the year end.

Although future reserves policy is a matter which is properly for early consideration by the newly elected Parish Council, the Council will wish to claim exemption from external audit in respect of the 2018-19 year. I understand that the Council will have before it at its meeting later this month a recommendation to place the sum of **£1,331** in a reserve designated for the maintenance of the village footpath lighting [this being the whole of the sum for these purposes received from Eden District Council during the year]. I recommend that this action be taken – it will reduce the Council's general reserve to £13,933, just under twice the Precept.

(e): The Council has recently updated its Asset Register, consequent upon the acquisition of the village's footpath lighting from Eden District Council. This is reflected in the year end accounts, and touched upon in the variance notes. However, there is another aspect of the Asset Register which has been highlighted by the transfer, and which requires attention during the coming year. In my report last November, I noted that I had discussed with the Clerk the relevant changes to the Council's Asset Register (in particular, the relevant asset values), and the necessary changes to the Council's insurance arrangements. The relevant financial guidance effectively requires that the values of the Council's current assets are shown in the register at their "acquisition" value [*i.e.* for the footpath lights, £1 each]. At any given time, this figure is extremely unlikely to be the current value, or the replacement value, or the insured value, of the asset in question. For what might be called 'petty assets' this difference is in practice largely irrelevant, but the footpath lights alone demonstrate that this is no longer the case in respect of at least some of the Council's assets – and the Council should develop and adopt a more appropriate and useful method of valuing its assets as soon as possible.

(f): Finally, I note here for the record that at the time of writing this report I was aware that there were no candidates standing for election to the new Parish Council [due to be elected in May]; that the Clerk has also tendered his [almost] immediate resignation; and that I have offered advice to both the Chair and the Clerk relating to the consequent resource management and governance issues.

There were no other matters for report which the Clerk specifically wished to bring to my attention, or which have been raised with me by the Council itself since I last reported: and there are no other items that I need to bring to the Council's attention.



John Bevan