

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

'phone: (017683) 53433

email: johnbevan@compuserve.com

5 May 2017

To: The Clerk to Asby Parish Council
for the attention of Asby Parish Council

Internal Audit 2016-17

I have just carried out my year-end check of the Council's accounts & procedures etc for the financial year 2016-2017. In accordance with the plan agreed for this year's work:-

(a): I have checked the Council's account balances and bank reconciliation: and I have examined a sample transaction and the related paperwork. The records are satisfactory.

(b): We have reviewed the drafting of the Council's entries in its Annual Return – to be considered by the Council at its meeting scheduled for 18 May. In terms of the main financial entries, I have not identified any problems, but I note here that as a direct consequence of an issue raised in last year's external audit letter, I have agreed with the Clerk that he should re-categorize a few transactions. This will mean that a somewhat larger number of significant variations in the year-on-year comparison of accounts will have to be documented in the submission of the Annual Return.

(c): So far as my own entries in the Annual Return are concerned (the required *Annual Internal Audit Report 2016/17 to the Council*), I am currently minded to answer all the questions with an unqualified "Yes", save for question K, which is not applicable. I do not currently consider that any entry is required this year in the "other risks" box. However, I cannot complete that section of the Annual Return until the Council has transacted (some of) its business on 11 and 18 May.

(d): I have discussed with the Clerk a few governance & governance related matters on some of which I report below.

(e): And finally, I note that there were no other matters 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.

Matters discussed or previously raised with or by the Clerk

- (i) Unrecoverable VAT: in my previous report {21 October 2016}, I noted that the Council had been paying a few bills/invoices on the basis of documentation which – while accurate – had not been made out in a form sufficient to support a claim to recover the VAT. Appropriate action has now been taken, and VAT is being recovered as it should be.
- (ii) Pensions: the Clerk's position insofar as the recent legislation about workplace pensions is concerned has been satisfactorily clarified for the time being.
- (iii) Registration in respect of Data Protection: the Council's registration had lapsed, and the Clerk has now re-registered it.


/over

(iv) Foreseeable Bills: in my last report, I wrote –

in the course of the year, the Council receives a number of bills which are entirely foreseeable, but the amount of which cannot be specified in advance. A current example is the PAYE payments falling due on the Clerk's salary. These amounts must often be paid by a specified date (failing which a surcharge arises) which is prior to the next scheduled Council meeting. The current authorisation arrangements for these payments are unsatisfactory (and indeed the consequences of this overlap with the problem identified by BDO in the Council's accounts). I have agreed with the Clerk that he will report to the Council on a recommended procedure that will provide for such bills to be paid from the Council's bank account (which is not the current practice), with an appropriate schedule being presented to the next following Council meeting.

The Council has since revised its payments arrangements in what should have been an appropriate way, but it is clear that operational circumstances mean that on occasion the Clerk is still making payments (such as those to HMRC) out of his own pocket, and then claiming reimbursement. This is both unsatisfactory and inappropriate. The Clerk and I have discussed the possible use of a properly authorised Council payment card (not a credit card) for the making of such payments. Subject to further investigation, and due consideration by the Council, I would recommend the adoption of such arrangements.

There are no other items that I need to bring to the Council's attention.



John Bevan