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To: The Chairman of Asby Parish Council
cc: the Clerk of Asby Parish Council
for the attention of Asby Parish Council
at its meeting on 6 May 2021

Internal Audit 2020-21

Introduction

I have just carried out a year-end check of the Council's accounts & procedures etc for the financial year 2020-2021. Before going into detail, I draw particular attention to the notes which follow concerning the Council's position.

This has been the first full year of the 'new' Council's operation (it first met on 17 February 2020, just before the end of the previous Council year), and it has been overshadowed by the Covid pandemic, and the various limitations imposed on its operation by that. A new Clerk has been appointed during the year. His immediate (and short-term) predecessor demitted office without there being a satisfactory hand-over.

The Council has, of course, had to conduct most of its business by appropriate remote means, principally (so far as meetings are concerned) using Zoom.

The Council's accounts and Bank reconciliation

I have checked the Council's account balances and bank reconciliation: the records are accurate, and the reconciliation correct. I have only been able to carry out one examination of sample transactions and the related paperwork during the year, rather than my customary two. The records are adequate and satisfactory.

I confirmed the Council's financial situation at the beginning, and at the end, of the year, which was as summarised below. The Council has just the one Bank account, with the Cumberland Building Society.

ASBY PARISH-COUNCIL		
BANK ACCOUNT		
YEAR END		
2020/21		2019/20
BANK	£	£
CBS a/c ...048	£21,432.62	£18,937.15
TOTAL RESOURCES C/F	£21,432.62	£18,937.15
YR to YR	£2,495.47	£3,673.15

/over

The timing of most of the standard ‘year-end’ decisions (and of the subsequent publication of information) required of the Council has not been satisfactorily rescheduled by the Government this year (as it clearly should have been), but at its immediately forthcoming meeting the Council should be able – without any excessive difficulty – to take them. The approval of last year’s accounts, and the completion of the relevant AGAR documentation, plus a decision on the timing of public access, will essentially cover what is needed.

Reserves – and the Asset Register

I drew attention last year, among other things, to the need for some work on the Council’s Asset Register, and to the size of the Council’s reserves. Although the opportunities to undertake all the necessary work have been virtually non-existent during this last Council year, I do need to repeat my previous recommendations in the hope that attention can be paid to them in 2021-22. Both are important:-

The Council relatively recently updated its Asset Register, consequent upon the acquisition of the village’s footpath lighting from Eden District Council. ... there is another aspect of the Asset Register which has been highlighted by the transfer, and which requires attention during the coming year. ... 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.

As before, I **recommend that an appropriate asset revaluation be carried out during this financial year.**

and

*... 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, ...], and its exemption from external audit requires that its general reserves should not (normally) exceed twice its precept for the relevant year.*

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

I strongly recommend that the Council should consider the creation of a designated reserve at an early date.

Finally, I should record here that I have at various times offered advice both to the Chair and to the Clerk relating to resource management and governance issues: and that for convenience, I have forwarded my (completed) page of the AGAR documentation with this report.

There are no other matters that I need to bring to the Council’s attention at the present time.



John Bevan