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Our Ref: MARK/RUS003

Mrs L Bannister
Rusper Parish Council
c/o Rusper Village Stores
East Street
Rusper
Horsham
West Sussex
RH12 4PX

15th May 2019

Dear Leanne

Re: Rusper Parish Council

Internal Audit Year Ended 31st March 2019

Following completion of our internal audit on the 15th May 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.**

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 and 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 Rusper Parish Council are very well established, regulated and followed. The Clerk is 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 the Clerk for her hard work during

the year and am pleased to say her high standard of work continues. I therefore make no recommendation for change at this stage.

I am of the opinion that the annual accounts and AGAR are ready to be signed off by council and that 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.

A. BOOKS OF ACCOUNT

The council migrated onto Scribe from Excel for recording the day to day transactions of the council. On average there are approximately 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 minimum of 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 & PAYMENTS

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

The council adopted NALC model Financial Regulations at its meeting in May 2018, with these due to be re-adopted at the May 2019 meeting scheduled for next week. This is in accordance with regulations.

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

I have selected the May 2018 minutes and traced the authorised payments to the invoices and bank statements, noting council authorisation at each stage. The invoices were attached to a payment sheet populated with authorised signatures, date of payment and date of verification.

The BACS payments are set up and paid by the Clerk on the on-line system and the councillors review the bank statements to ensure only authorised payments are made. The bank system is not yet set up such that the originator of the transaction cannot authorise the same transaction. This was due to be changed during 2018/19, but has not yet been completed. However, a review of payments against the bank statement is completed after processing as a compensatory check. I am of the opinion that this is sufficient until such time as dual authorisation is set up.

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

The council had £2,258 of S.137 expenditure during the year, which is within thresholds.

Confirm that checks of the accounts are made by a councillor.

At council meetings the councillors review invoices, sign of the bank statements and quarterly review the cashbook. The limited number of transactions lends itself to this type of review.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months

The council adopted NALC model Standing Orders at the May 2018 meeting, and these are due to be re-adopted at the May 2019 meeting scheduled for next week. This is in accordance with regulations.

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.

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 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. A GDPR policy is in place along with relevant privacy notices on the website. 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.

Councillors are contacted via the Clerk, using the details as shown on the website. The register of members' interests are published on the website. Councillor representation to external bodies is detailed by councillor and published on the website.

I am of the opinion that the council has robust policies and procedures in place and follows these. I make no recommendation to change.

C. RISK MANAGEMENT AND INSURANCE

The council's risk assessment is in a tabular format with risks listed and actions required. This is satisfactory for a council of this size. The council has policies in place

Following a recommendation from last year's internal audit, a grant awarding policy has been adopted in June 2018 and is published on the council's website.

The council is insured on a standard local authority package. The money and assets cover appears adequate.

D. BUDGET AND PRECEPT

The council has £70,764 (2018: £64,872) of reserves. There are earmarked reserves for unspent grants (£6,496 and £21,295), Neighbourhood Plan (£3,526), recreation (£10,000) and road safety (£5,000), leaving circa £24,500 as a general reserve. General guidance recommends a general reserve of circa 50% of precept, which would equate to £14,000. The high level of general reserve should be considered by the council as to whether there are suitable projects to allocate some of the money to for the benefit of the parish.

E. INCOME

The council has £28,309 (2018: £25,652) of precept income. This was verified against remittance advices and confirmed to bank statements.

The council has £20,919 (2018: £26,337) of other income. This comprises VAT refunds, grants and Operation Watershed monies. This was tested to third party evidence were applicable – there were no errors.

I am of the opinion that income is correctly shown on the AGAR.

F. PETTY CASH

The council has no petty cash.

G. PAYROLL

The council has £9,460 (2018: £8,282) of staff costs.

The payroll costs are reconcilable to the payroll reports for the council. Payroll is outsourced, with HMRC calculations made by the payroll company and salaries subsequently paid by the council using the same authorisation process as for other payments. The increase on the previous year is due to overtime costs for work on the Neighbourhood Plan and an incremental pay rise.

The staff have contracts of employment and the minutes show changes to payroll are agreed by council.

I am of the opinion that staff costs are correctly shown on the AGAR.

H. ASSETS AND INVESTMENTS

The council has £188,685 (2018: £182,070) of fixed assets. The fixed asset register shows items at cost and proxy cost in a simple list. The register also shows insurance value which is relatable to the insurance schedule. The total assets matches the figure entered onto the AGAR.

Additions during the year include purchase of bollards (£5,151), a projector and screen (£453), a surveillance camera (£180) and a dog bin (£214). There have been no disposals during the year.

I am of the opinion that fixed assets are correctly shown on the AGAR

I. BANK RECONCILIATIONS

The council has £70,764 (2018: £64,872) of bank and cash balances carried forward. The council has two bank accounts and no petty cash. The bank reconciliation as a 31st March 2019 was verified, confirmed to bank statements for the year end and the figure entered onto the AGAR.

I am of the opinion that bank balances are correctly 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 has been completed with adequate explanations where needed. There are no rounding errors on the accounting statement.

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. TRUSTEESHIP

The council is sole managing trustee of the Rusper Playing Field and The Children's Playground. The filing with the Charities Commission is current and up to date. There are no financial transactions involved with either trust.

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	29 May 2018	21 May 2019
Date Inspection Notice Issued and how published	1 June 2018 on website and noticeboards	31 May 2019 on website and noticeboards
Inspection period begins	4 June 2018	3 June 2019
Inspection period ends	13 July 2018	12 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 – the council is planning to follow dates suggested by external audit.

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

Kind regards

Yours sincerely

A handwritten signature in cursive script, reading "A Beams".

Andy Beams