

# Annual Internal Audit Report 2017/18

## North Mundham Parish Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

| Internal control objective   | Agreed? Please choose one of the following |     |               |
|--|--|-----|---------------|
|  | Yes  | No* | Not covered** |
| A. Appropriate accounting records have been properly kept throughout the financial year.   | ✓  |     |               |
| B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.  | ✓  |     |               |
| C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.  | ✓  |     |               |
| D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.   | ✓  |     |               |
| E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.  | ✓  |     |               |
| F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.   |  |     | ✓ None        |
| G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.  | ✓  |     |               |
| H. Asset and investments registers were complete and accurate and properly maintained.   | ✓  |     |               |
| I. Periodic and year-end bank account reconciliations were properly carried out.   | ✓  |     |               |
| J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | ✓  |     |               |

| K. (For local councils only)  | Yes | No | Not applicable |
|---|-----|----|----------------|
| Trust funds (including charitable) – The council met its responsibilities as a trustee. |     |    | ✓              |

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

23/04/2018

MARK MULBERRY BA (Hons) FCCA CTA

Signature of person who carried out the internal audit

Date

23/04/2018

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).



## Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

### North Mundham Parish Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2018, that:

|   | Agreed |     |  |
|---|--------|-----|--|
|   | Yes    | No* |  |
| 1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.  | ✓      |     | <i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>   |
| 2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.  | ✓      |     | <i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>   |
| 3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances. | ✓      |     | <i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>   |
| 4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.   | ✓      |     | <i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>   |
| 5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.  | ✓      |     | <i>considered and documented the financial and other risks it faces and dealt with them properly.</i>  |
| 6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.  | ✓      |     | <i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i> |
| 7. We took appropriate action on all matters raised in reports from internal and external audit.  | ✓      |     | <i>responded to matters brought to its attention by internal and external audit.</i>   |
| 8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.                                  | ✓      |     | <i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>   |
| 9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.                         | Yes    | No  | N/A  |
|   |        |     | ✓  |

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

76.18(g)  
01/05/18  
dated

Signed by the Chairman and Clerk of the meeting where approval is given:

Chairman

Clerk

**Other information required by the Transparency Codes (not part of Annual Governance Statement)**  
Authority web address

www.northmundham.org

AUTHORITY WEBSITE ADDRESS



## Section 2 – Accounting Statements 2017/18 for

### North Mundham Parish Council

|   | Year ending           |                       | Notes and guidance  |
|---|-----------------------|-----------------------|---|
|   | 31 March<br>2017<br>£ | 31 March<br>2018<br>£ |   |
| 1. Balances brought forward   | 70,320                | 84,411                | Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.  |
| 2. (+) Precept or Rates and Levies  | 33,218                | 33,881                | Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.   |
| 3. (+) Total other receipts   | 36,193                | 27,485                | Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.   |
| 4. (-) Staff costs  | 10,562                | 12,394                | Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses. |
| 5. (-) Loan interest/capital repayments   | 0                     | 0                     | Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).  |
| 6. (-) All other payments   | 44,758                | 40,171                | Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).   |
| 7. (=) Balances carried forward   | 84,411                | 93,212                | Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).   |
| 8. Total value of cash and short term investments                                   | 84,411                | 93,212                | The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>                              |
| 9. Total fixed assets plus long term investments and assets                         | 33,351                | 34,451                | The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.  |
| 10. Total borrowings  | 0                     | 0                     | The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).  |
| 11. (For Local Councils Only) Disclosure note re Trust funds (including charitable) | Yes                   | No                    | The Council acts as sole trustee for and is responsible for managing Trust funds or assets.   |
|   |                       | ✓                     | N.B. The figures in the accounting statements above do not include any Trust transactions.  |

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

 REQUIRED

Date 20/04/2018

I confirm that these Accounting Statements were approved by this authority on this date:

01/05/18

and recorded as minute reference:

76.18(h)

Signed by Chairman of the meeting where approval of the Accounting Statements is given

**SECTION 1 STATEMENT OF ACCOUNTS****NORTH MUNDHAM PARISH COUNCIL**

Financial year ending on 31 March 2018

Prepared by [REDACTED] Mrs Louise Chater Clerk/RFODated 20 April 2018Approved by [REDACTED] ChairmanDated 1 May 2018

|   | 31-Mar-17  | 31-Mar-18 | Variance £ | Variance % | Detailed explanation of variance (with amounts £)   |
|---|--|-----------|------------|------------|---|
| <b>Balance Brought Forward</b>                            | 70,320   | 84,411    | 14,090     | 20%        |   |
| <b>Annual Precept</b>                                     | 33,218   | 33,881    | 663        | 2%         |   |
| <b>Total Other Receipts</b>                               | 36,193   | 27,485    | -8,708     | -24%       | New Homes Bonus Grant £4430 & Chichester District Council Grant £1560 last year; not repeated |
| <b>Staff Costs</b>  | 10,562   | 12,394    | 1,832      | 17%        | £620.73 back pay included for hours worked  |
| <b>Loan interest/capital repayment</b>                    |  |           | -          |            |   |
| <b>Total Other Payments</b>                               | 44,758   | 40,171    | -4,587     | -10%       |   |
| <b>Balance Carried Forward</b>                            | 84,411   | 93,212    | 8,801      | 10%        |   |
| <b>Total Cash and Short Term Investments</b>              | 84,411   | 93,212    | 8,801      | 10%        |   |
| <b>Total Fixed Assets and Long Term Assets</b>            | 33,351   | 34,451    | 1,100      | 3%         |   |
| <b>Total Borrowing</b>                                    | -  | -         | -          |            |   |
| <b>Disclosure note trust funds (including charitable)</b> | NO   | NO        | -          |            |   |
| <b>Explanation for high reserves</b>                      | 93212 of which 19276 is general reserves and 73936 is assigned reserves as per attached schedule |           |            |            |   |



**BANK RECONCILIATION****NORTH MUNDHAM PARISH COUNCIL**

Financial year ending on 31 March 2018

Prepared by [REDACTED] Mrs Louise Chater Clerk/RFO

Dated 20 April 2018

Approved by [REDACTED] Chairman

Dated 1 May 2018**Balance per bank statements as at 31 March 2017****Parish Council**

Unity Bank - Current Account

£ 8,895.88

Handlesbanken

£ 58,491.26

Alto Prepayment Card - account closed

67,387.14

**Village Hall**

Unity Current Account

£ 25,837.02

25,837.02

less: any unpresented cheques as at 31 March 2018

300304 C Arnold

12.08

12.08

Add: any monies not cleared

0.00

**Net Bank Balance as at 31 March 2018**93,212.08

The net balance reconciles to the cash book for the year, as follows

**Cash Book**

£

Opening Balance

84,410.67

Add: Receipts in the year includes inter-account transfers

61,696.74


Less: the payments in the year includes inter-account transfers

52,895.33

**Closing balance per cash book as at 31 March 2018**93,212.08

**RESERVES HELD**

Financial year ending on 31 March 2018

Prepared by  Mrs Louise Chater Clerk/RFODated 20th April 2018Approved by  ChairmanDated 1 May 2018**Parish Council Account**

Balance as per reconciled bank statements as at 31 March 2018

Less unrepresented payments

Cash Book Balance

67,387.14

-12.08

67,375.06**General Reserves**

Village Hall Maintenance Reserve

Car Park Reserves

Capital Receipt Unapplied reserve

War Memorial reserve fund

Office Equipment

Routine Election Fund

Election Expenses

Asset Maintenance Reserve

Village Hall Improvement Reserve

Playground Equipment Replacement

Bus Shelter Improvement

Canal Mead Footpath

Parish Plan

Parish Plan Uplift

3,537.22

Building up fund to provide for the replacement of the village hall roof and large

29,800.00 projects

6,000.00 Fund for repair works to the car park

721.00 Fund received from sale of land

7,500.00 Building up fund for repair of the war memorial

1,883.43 building up fund to replace office equipment

500.00

2,000.00 to provide funding for bye election

1,137.21 to build fund to maintain general assets

0.00

6,046.20 building up fund to replace playground equipment

1,000.00 building up fund to improve drainage issues at Walnut Tree Pub Bus Shelter

0.00 To provide new footpath

4,250.00 Funding for Parish plan

3,000.00 Funding for additional salary requirements to assist with parish plan

**Village Hall Management Committee Account**

Balance as per reconciled bank statement as at 31 March 2018

General Reserves

Community Kitchen Project

Village Hall Replacement Fund

Village Hall Maintenance Fund

Audio Visual Replacement Reserve

Kitchen Equipment Fund

**Total Cash and Investments**

25,837.02

15,783.73

98.29 outstanding fund available

2,500.00

2,500.00

2,500.00

2,500.00

93,212.08

## NORTH MUNDHAM PARISH COUNCIL

| Item required.   | Included Y/N or response |
|--|--------------------------|
| 1. State the basis of accounts – Income and Expenditure (I&E) or Receipts and Payments (R&P)   | R&P                      |
| 2. Bank reconciliation (note a pro-forma is available on our website).   | Y                        |
| 3. Explanations of significant Variances:<br><br><i>For boxes 2 – 10 in the Accounting Statements, where the 2018 figure is 15% greater than, or 15% less than, the 2017 figure <b>unless</b> the variance is less than £500</i> | Y                        |
| 4. A Reconciliation between boxes 7 and 8 – this must be quantified.   | N/A                      |
| 5. An explanation of any 'No' answers in Section 1 (Annual Governance Statement)   | N/A                      |
| 6. An explanation of any 'No' answers in the Annual Internal Audit Report.   | N/A                      |
| 7. An explanation of the level of reserves held if more than twice the total income of the Authority.  | Y                        |
| 8. Whether you use the general power of competence.  | Y                        |
| 9. The dates for the period for the exercise of public rights.   | Y                        |
| 10. This sheet, duly completed   | Y                        |

### Intermediate level only

| The additional information required for Intermediate Level Reviews  | Included Y/N or response  |
|---|---|
| 11. If last year's limited assurance review was qualified to any degree or contained other matters, please advise on what action has been taken <b>AND</b> supply the relevant minute references. | Minute No 121.17(h) attached. Ensure no transposing error takes place in current financial year |
| 12. Provide a copy of the terms and scope of engagement of the Internal Auditor and dates of any reports provided by him (other than the completion of the AGAR). If none, state 'NONE'.          |   |
| 13. If the greater of Gross Income and Expenditure exceeded £1M:  |   |
| a. outline the budget setting process.  |   |
| b. provide the minute approving the budget and the precept.   |   |



|                 |  |        |  |  |
|-----------------|--|--------|--|--|
| Cheque Payments |  | chq no |  |  |
| Parish Council  |  |        |  |  |
|                 |  |        |  |  |
| Cheque Payments |  |        |  |  |
| Village Hall    |  |        |  |  |
|                 |  |        |  |  |

- c) Financial Statement - On a proposal by Cllr. Russell, it was RESOLVED to accept the financial statement for June 2017
- d) Ill Health Insurance - On a proposal by the Chairman, it was RESOLVED sign direct debit mandate in accordance with the account requirements; this was duly completed.
- e) Budget Monitoring 2017/18

Parish Council:

Budget Code 14: Website £150.00 overspend due to security issues on website. On a proposal by Cllr. Russell, it was RESOLVED to transfer 150.00 from code 50 Parish Council Asset Maintenance Reserve.

Village Hall:

Budget Code 19: New Equipment overspend £637.57 on purchase of new chairs. On a proposal by Cllr. Maclean, it was RESOLVED to transfer £650.00 from village hall general reserves.

- f) Transparency Act requirements first quarter year ended 31 March 2018 - completed and uploaded to the website.
- g) Notice of Conclusion of Audit year ended 31 March 2017 - the notice of closure of the audit has been completed.
- h) Audit for year ended 31 March 2017 - external auditor report and certificate - it was noted that the auditor had qualified the audit due to a transposing error. The clerk had contacted the auditor who had stated that there is no appeal process available once the audit has been signed off. However, they had provided an email stating that if the correct information had been included, the qualified audit would not have been issued. A copy of this email which had been uploaded to the website. Sussex Association of Local Councils had advised the clerk to contact NALC to see if they have any options available to them **CLERK** to get the audit reassessed.
- i) Assets Register 2017/18 - on a proposal by Cllr. Neave, it was RESOLVED to sign the updated Assets Register and it was AGREED that the clerk would forward a copy to the insurance company. **CLERK**



**From:** [REDACTED]  
**Sent:** 03 August 2017 18:44  
**To:** [REDACTED]  
**Subject:** RE: North Mundham Parish Council

Dear Mrs Chater

Thank you for your email and attachments. We are unable to revoke our report once we have certified a review closed. However we can confirm that had the information been presented at the time of our review and the correct minute reference stated on Sections 1 and 2 we would not have found it necessary to qualify our report and issue an except for matter.

We are happy for you to display a copy of this email alongside our report when you are displaying the signed completed Annual Return to clarify the situation.

Kind regards

**SBA Team**

**For and on behalf of  
PKF Littlejohn LLP**

Tel: +44 (0) 20 7516 2200 (Switchboard)  
<mailto:sba@pkf-littlejohn.com>

**From:** [REDACTED]  
**Sent:** 03 August 2017 13:14  
**To:** [REDACTED]  
**Subject:** North Mundham Parish Council

Dear Sir or Madam,

Please find attached a copy of the recently received Annual Return and the May minutes relating to the completion of the annual return. Having reviewed the completed form I understand why the auditor stated that the Parish Council had completed section two before section one. However as you will see from the minutes the Council did in fact complete the annual return in the correct order. I apologise for the transposing error and would therefore like to appeal the auditor's report and request that consideration be given to the fact that the correct procedure did in fact take place.

I would be very grateful if you could please advise me on the appeals procedure and the way forward on this matter.

Kind regards,

[REDACTED]

Mrs Louise Chater MILCM