

25 October 2023

Dear Fiona

**West Tytherley, Frenchmoor & Buckholt Parish Council -
Accounts for the year ended 31 March 2023 "Internal Audit"**

I have now completed the "Internal Audit" of your Parish Council Accounts for the year ended 31 March 2023. I have carried out the Internal Audit following the guidelines as documented in the JPAG Book "Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide" issued in March 2022 and updated in March 2023

I appreciate this has been a very difficult time for you and your fellow Councillors since the problems surfaced with your new Clerk and that he appeared not to be following good practices. You have to be commended in getting the financial records into an order that I was able to complete my Internal Audit with not too much difficulty though some serious issues arose during this audit which all need addressing as a matter of urgency. The fact that you had to reconstruct the financial records being a case in point.

1. AGAR. We discussed the completion of the AGAR, and I gave you advice on what items should go in each line – for example only pure salaries (to include Employers National Insurance and Pension Contributions) should go in the Staff Costs Box – expenses are to go in Other Expenditure. You also need to discuss with BDO (The External Auditors) when you submit the AGAR – you do not meet until the 13 November 2023, and I would expect they will want it submitted before then. On this basis I assume they will be content with it being submitted properly signed and authorised subsequently BUT you must check with them.
2. Budgets. I'm concerned that the budgeting process in January 2023 was not as robust as it should be. The then Clerk suggested a no-change budget/precept, but this was altered at the meeting and increased by an arbitrary 2%. I would also expect to see the Budget Statement and Precept request to be included within the Minutes and initialled by the Chair.
3. Regulatory Documents. I am pleased that regulatory documents are reviewed annually (best done at the Annual Meeting of the Council.) I did notice that a Freedom of Information protocol was not on your website and this needs to be rectified. Also, will you please ensure that there are at least five years AGARS on the website.
4. Authorisation of Payments. All payments need to be recorded in the Minutes – there were one or two I could not find. We discussed Internet Banking and how difficult Banks make it for organisations in your sector able to effectively use and utilise this. Ideally at least three people should be involved in the payment process which for a small Council can cause logistical problems. If, in future, one person authorises the payments then you ought to have at least two Councillors (?Chair and Vice Chair?) with a view only facility so immediate checks can occur. Also Bank Statements should be presented to the Council Meetings and initialled by the Chair after examination and approval.
5. HMRC. Again, I understand that the new Clerk did not register with HMRC so that a Notice of Coding could be obtained. This was despite numerous notices from HMRC. At the end of the day, it is the Council that is registered, and the Council needs to have procedures in place to ensure this happens. The same is also relevant to registration with the Pensions Regulator and the VAT Office. I see that no VAT has been reclaimed since March 2022 and this needs to be actioned asap.
6. Contract of Employment. I am concerned that there appears to be no Contract with the outgoing Clerk and that he refused to sign the document that was sent to him. Please ensure that this does not happen in the future - it is a "red flag" that matters are not right.

I am sure that you and the other Councillors will now appreciate that, with the benefit of hindsight, there many “red flags” that could and perhaps should have been actioned earlier. I appreciate the feeling amongst Councillors that he was new to the job and had to settle but he was employed in a professional capacity following his application and an interview. Feeling sorry for someone is fine but if problems continue to arise month after month, then action has to be taken – however difficult it is. The Council has to protect itself in the final analysis and if an employee is not up to the job (that is why a probationary period is inserted into the Contract of Employment) then you have to and must take action. I am sure that is a salutary lesson to everyone involved.

I have noted that the AGAR Pro-forma (with details of the Variations and Bank Reconciliation) have not yet been adopted by the Parish Council and signed by the Chairman and the Clerk/RFO (as acting RFO you will sign plus the Chair of the Council). it is particularly important that **all** sections of the AGAR and supporting documentation (including Electors Inspection Rights) are uploaded onto your Website. Please ensure that that the Public Rights Notice is uploaded at least a day before the day the Inspection period starts.

Will you also provide me with copies of the Bank Reconciliation and the Explanation of Variances? Please ensure that the adoption of the Accounts and the AGAR Pro-forma are minuted at the appropriate times – Section 1 and Section 2 of the Pro-forma need to be specifically mentioned within the Minutes and this approval must be by **Full Council** and not by Committee. The receipt of this letter and any action taken on it should also be recorded within the Minutes. Please ensure (and I am sure you will) that the Form is fully completed (including filling in the boxes for the name of the Parish Council)

If the Council wishes to discuss any of these points - or any other matter - now or in the future I would be more than happy so to do. Obviously, if the query can be cleared quickly by a ‘phone call, then there would be no further charge. If, however, the matter requires some research on my part and/or would take time to resolve then I would have to charge and I would agree this with you beforehand so that there was no misunderstanding.

I enclose my Invoice for the work done so far.

Yours sincerely,

John K. Murray

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