

Megan Myszka  
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17 June 2015

Dear Sadberge Parish Council,

I completed the internal audit for the 2014-15 accounts on 17 June 2015, to the best of my ability using the information provided by the Clerk. During the internal audit I found some discrepancies with the accounts, which I raised to the Clerk on 27 and 28 May 2015. A meeting was held between the internal auditor and the Parish Clerk on 17 June 2015 and the accounts were agreed. I completed section 4 of the BDO form and returned to the Parish Clerk on 17 June 2015. In summary I have some suggestions to improve your processes going forwards.

Discrepancies found in the annual accounts and raised to the Clerk are below. The Clerk's responses are in blue. It is up to the Parish Council to determine what actions (if any) they would like to take regarding the items below and the agreed actions are in orange.

1. The bus shelter income and expenditure is not shown on the accounts. I'm aware that these net to zero, however as the money has moved through the Sadberge Parish Council's bank account these should be shown in the annual accounts.

Incorporating the profit for the bus shelter into the accounts will involve alterations to the accounts themselves and the Parish Council's Annual Return. I'd have preferred not to make the changes --- particularly to the Annual Return --- but I'm prepared to do so.

Added to accounts and annual return.

2. Festival expenditure calculation discrepancies:

I'm not proposing to make any changes to the accounts with regard to the 2014 festival expenses, as they accurately reflect the Parish Council's transactions during the 2014-15 financial year. In particular, the Council did acknowledge the receipt of £1,031.74 of festival income and it did approve and pay Millie Scaife's expense claim for £785.36. If you believe that it should not have done --- e.g. because the expense claim was not calculated correctly or because it was not properly substantiated by the attached receipts --- then you should, of course, include that in your report and, if appropriate, recommend that the Council takes steps to recover any overpayment.

My view is that Millie's expense claim is an honest and, in the circumstances, reasonably accurate attempt to claim the correct amount

- a. Refreshments : voucher (£30) and money spent (£19.90) values differ. The parish council has covered the voucher value rather than the money spent value.  
Difference is £10.10  
I'll need to look into this, which will involve consulting the Festival Organiser. I think that what may have happened is that the Parish Council paid the Village Hall a fixed price (i.e. £30) to provide refreshments to the performers ..... but I'll need to check.  
Millie confirmed it was a fixed price deal with Village Hall.
  - b. Prizes : The value of the receipts equals £49.50, however the value showing on the letter from Millie is £54.33. Difference is £4.83  
I think that it's just a case of a missing receipt for £4.83. As this was a small sum of money I didn't think that it was a matter for concern.  
Council agreed not material so will keep accounts as is.
  - c. Misc : the VAT cost for the raffle tickets (£8.49) was not charged to the parish council. Difference is £-1.70  
I think that what you're saying is that Millie Scaife underclaimed the expenses; i.e. she was entitled to claim an additional £1.70. I don't think she'll be worried.  
Millie happy she has under claimed, no changes to the accounts required.
3. Festival income of £100 income donations is missing from the Festival's letter and the Parish's annual accounts, however there is a "Friend's of Sadberge Festival Committee – Receipt list" showing these donations. This should be included in the festival's accounts. Donations to the Friends of Sadberge Festival are not festival income or Parish Council income. I think it's best if I explain in person rather than try to write it in an email.  
I've just had a quick look, and the £100 on the "receipt list" consists of:-  
>> 5 stall fees x £10 = £50. This is part of the £70 of market stall fees in Millie's letter. As far as I know the other two stall fees didn't get recorded.  
>> The £50 fee for the ice cream van, which is the final item in the "monies received" section of Millie's letter.  
Confusion between internal auditor and clerk over the term donation, it has been agreed that this income was included in the summary provided by Millie. No changes to the accounts required.
4. In the Festival Accounts there is an entry for painting chairs £44.48 which I cannot find in Millie's expense claim or as an additional Parish's expenditure. Can you please confirm this was paid and by who?  
The £44.48 was paid directly by the Friends of Sadberge Festival, so it was effectively a 'donation in kind'. See the top line of the Festival accounts --- "Paid directly by the Friends of Sadberge Festival".  
This cost was matched by the donation on the 2014 accounts, so nets to zero. No further actions required.

Internal Audit suggestions relating to the parish's processes:

1. Order the budget and annual accounts transactions consistently so a quick comparison can be completed line by line
2. Complete a variance analysis between the budget and actual to highlight any significant variance. This will assist in the budget planning for future years.
3. Create Clerk procedures in case of Clerk unavailability. Once written there needs to be a procedure review process implemented, similar to the risk register review process. N.B. there was no signature of the Vehicle Activated Sign Operating procedure provided in the Internal Audit pack.

I hope this letter provides you enough details and sufficient food for thought. Despite the discrepancies listed above I am happy to confirm the processes and practices followed by the Clerk resulting in adequate annual accounts.

If you need any further information please do not hesitate to contact me.

Kind regards

Megan Myszka