

Ernest G Newhouse

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17 May 2017

Mr J Brady
Chairman, Aldbury Parish Council

Dear Mr Brady,

Yesterday I met Mrs Bancroft, for whose welcome and hospitality I am grateful, to undertake the Internal Audit examination of Aldbury Parish Council in respect of the year ended March 2018. All of what follows was discussed with Mrs Bancroft.

As last year, I found that matters were in a good state, with little to which I need draw your attention. All my comments which follow were discussed with Mrs Bancroft.

1. Reserves

Last year I commented on the high level of your reserves and recommended that the ear-marked ones be identified separately from the general reserve in your regular financial reports to the Council.

I was pleased to see that this is now being done.

The free reserve is still quite high, over 12 months' expenditure. I understand you have in mind a number of projects which are not yet sufficiently defined to warrant specific ear-marked reserve being created.

2. Bank Reconciliations

2.1 Last year there was an issue with the reconciliation which led me to suggest that the spreadsheets should be linked.

The issue was subsequently resolved and Mrs Bancroft wishes to continue with the spreadsheets as they are.

2.2 The reconciliations are regularly reviewed and confirmed by a Councillor who should initial and date both them and the corresponding bank statement(s) to confirm they have both been seen. However, one such statement had not been so signed.

.../...

3. Monitoring

Mrs Bancroft produces a report each month comparing the actual income and expenditure under the various headings to the budget and prior year. This report is reviewed by the Chairman.

However, the full Council only sees this report at the half-year, when the budget process starts, and then at each stage of the iteration, which is complete by January.

The full Council receives a monthly statement of payments made but has no data to which to relate them.

I was told that this is what the Councillors want. Nonetheless my view is that they are all responsible for the totality of the Council's affairs and therefore should all receive the regular reports.

I should be pleased to answer any questions you or your members may have on this report.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ernest J. Newhouse", with a long horizontal flourish extending to the right.

E. G. Newhouse

ALDBURY PARISH COUNCIL

Clerk *Councillors*
L. Bancroft Joe Brady (Chair)
7, Station Road Duncan Eggar
Long Marston Graham Juniper
Herts Rob McCarthy
HP23 4QS Peter Moore

Debbie O'Neill

Michael Pearce (vice-Chair)
07590 989202 Lucy Tollinton
alburyclerk@gmail.com

Monday 25th June 2018

Dear Mr Newhouse,

Thank you for undertaking your Internal Audit examination of the Council and for your comments and advice, all of which have been noted and are being acted upon as shown below.

1. Reserves. As you note we are now 'earmarking' those financial resources that we know will be required for specific purposes in the future and which are therefore outside our general Reserve. You will be aware that we are undertaking work on the village pond and it was agreed at the June PC meeting that a further £6,000 should be reserved for this purpose and thus our General Reserve is now circa £24k.
2. The omission of a signature on one statement was an oversight which we will endeavour to ensure does not happen again.
3. Your comment on financial information seen by Councillors is well made and the new monthly report of which I believe you have seen a draft will include a column showing the amount spent in the year to date and the Budgeted figure for each category of Income and Expenditure. This report will be circulated to the full Council each month and will be reviewed and noted at the Council meetings.

We look forward to working with you again next year.

Yours sincerely,

Joe Brady

Chairman, Aldbury Parish Council