



## JOHN K. MURRAY

TAXATION and ACCOUNTANCY SERVICES

13 SHELLEY CLOSE  
WINCHESTER, HANTS  
SO22 5AS

Telephone 01962 868031  
Fax 01962 620355  
Mobile 07850 863612  
john.murray233@ntlworld.com

20 June 2017.

Dear Lorraine,

**Itchen Stoke & Ovington Parish Council -  
Accounts for the year ended 31 March 2017 "Internal Audit"**

It was great meeting with you today. Very much appreciate the effort you have put into getting the Council up to speed.

I have now completed the "Internal Audit" of your Parish Council Accounts for the year ended 31 March 2017. I have carried out the Internal Audit following the guidelines as documented in the NALC/SLCC Book "Governance and Accountability in Local Councils in England and Wales - A Practitioners' Guide" issued in March & June 2016.

The following points arose during the Audit:-

1. **Personnel:** I understand that there is no recruitment procedure in place as yet. When a permanent Clerk is appointed I would hope that appointment is fully minuted and that they are given a Contract of Employment (both as Clerk and RFO). At that time the Workplace Pension issue will have to be addressed. I am pleased you have managed to sort out the tax position with HMRC and again the new Clerk will have to deal with RTI and HMRC!
2. **Important Documents:** I appreciate that you have now in place Standing Orders, Financial Regulations and an Asset Register. You are currently working on Risk Assessments including a Financial Risk Assessment.
3. **Transparency Protocol:** We discussed the need for the Parish Council to have its own Website and what needs to go on it in order to meet this very important Protocol.
4. **Trust Fund.** This came to my attention in the Council Minutes of 1 October and 12 December 2016. This prompted a discussion between us. This is, I understand a registered charity (Village Hall (Ovington)) and arises from a bequest some years ago whereby the interest is to be distributed to Pensioners. There are 4 Trustees (one of whom is deceased). It has no connection with the Parish Council as such, though 2 Trustees are also Councillors. In my view it is illegal for matters pertaining to the Charity to be discussed at Parish Council Meetings – this is contrary to Charity Law and to Local Government Law. There should be a separate meeting at which only the Trustees are involved – which will have its own Minutes etc. May I suggest that initially you have discussions with the person nominated as the contact point with the Charity Commission to discuss the following:-
  - (a) Separating the Charity from the Parish Council including producing separate minutes
  - (b) How many Trustees are needed under the constitution.
  - (c) Replacing as a Trustee the person who is dead.
  - (d) Ensuring that the information required by the Charity Commission is up-to-date.
  - (e) Formalising the distribution process – I have a concern that the Electoral Register that is provided to the Parish Council for specific purposes, is being used as part of the decision making process – this seems to be contrary to the advice contained on the Register itself and might be deemed to be in breach of the law.

I have noted that the Audit Commission Pro-forma (with details of the Variations and Bank Reconciliation you will be sending off with this) have not yet been adopted by the Parish Council and signed by the Chairman and the Clerk Will you please provide me with a copy of the Pro-forma - Schedules 1, 2 and 4 before they are sent off and Schedule 3 when returned signed by the Audit Commission.

Will you also provide me with copies of the Bank Reconciliation, the Explanation of Variances and also a copy of your full set of Accounts? Please ensure that the adoption of the Accounts and the Audit Commission Pro-forma are minuted at the appropriate times - in particular 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) otherwise it may be returned by the External Auditor

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

Ms. L. Wheeler  
Acting Clerk to Itchen Stoke and Ovington Parish Council  
3 Rownhams Close  
Rownhams  
Southampton  
SO16 8AF