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**HERSTMONCEUX PARISH COUNCIL
Internal Audit & Annual Review – 31/03/2017**

In accordance with my Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed - these are well managed, as set out in the Governance and Accountability for Local Councils Practitioners' Guide 2017 and meet the needs of the Council. I would only comment by exception. I confirm that I do not have any role within the Council. I will carry out my duties without bias and follow the Public Sector Internal Audit Standards 2012 - to enable the Council to comply with these Standards and the Accounts & Audit Regulations 2015.

For consideration:

1. The Annual Return Governance Statement is signed off in Council and confirms that all Internal Controls & Procedures have been reviewed. There are two sets of Guidelines/Regulations that need to be followed:
 - a) the Governance & Accountability Guide 2017
 - b) the Accounts & Audit Regulations 2015. Note that Section 5(1) is badly worded – it should read that the Council must arrange for an Audit to be carried out by an independent Internal Auditor
2. Legal Deposit Libraries Act 2003 re Published, Printed & Electronic Works (in the case of a Council, these would be News Letters/Magazines). The NALC Legal Topic Note 40 sets out the legal requirement that items of this nature, that are made available to the Public by all Local Organisations (not just Councils) have to be copied to the British Library. This Institution is tasked with archiving all of the above Works for future Generations.

It appears that the collection by the British Library of Council Publications is:

 - a) where the Library can locate a Council's Website, it employs an Internet Bot to search and record any Published Works - or
 - b) Councils can send a Paper Copy or an Electronic Version
3. Financial Regulations – a NALC Template is employed. It is suggested that the note in section 5.1 is amended, to the effect that Credit References will not be taken on Council Signatories, as this may deter new Councillors from joining. It is common for Banks to arrange their own Credit References, when provided with new Cheque Signatories on a Mandate.
4. Insurance - Cyber Crime. The use of Internet Banking is under consideration – it is recommended that this type of Cover is added to the Insurance Schedule, in due course. The figure should represent the peak bank Balances held during the Year.

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5. Insurance – Key Person. Consideration might be given to including this in the Insurance Cover. This will pay for the engagement of a Locum, in the event of the incapacity of the Clerk or RFO.

A handwritten signature in blue ink, appearing to be 'Peter Frost', written in a cursive style.

Peter Frost
Peter J Consultants
2/06/2017