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Instow Parish Council,  
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19 July 2022

Dear Councillors,

### **Internal Audit 2021/22**

#### **Overview**

Central to the Parish Council's year-end accounting and audit procedure is completion of the Annual Governance and Accountability Return 2021/22 Part 3 ("AGAR"). The AGAR does not provide space for commenting on particular issues, and it is standard practice to send to the External Auditor a report detailing issues of concern. The letter I am now writing to you should be read in conjunction with the AGAR and the report to the External Auditor.

#### **Accounting procedures**

Payment of an amount of about £800 was duplicated during the year. Having spent much of my working life as a company accountant I am well aware that mistakes are made from time to time. What matters is that records are kept in such a way as to make it easy to spot mistakes, that regular checks are made to identify errors, and that prompt action is taken to correct them.

In general, the record-keeping during 2021/22 has been better than in the previous year, but I have the following recommendations on record-keeping and procedures:

- The Parish Clerk is also the Responsible Financial Officer, and an important duty is to keep the records up-to-date and in good order. Any Councillor who receives a commercial or accounting document (e.g. order acknowledgment, invoice, statement) should pass it to the Clerk without delay.
- Invoices are of particular importance, particularly if the transaction is subject to VAT since it is the invoice that provides the legal entitlement to reclaim VAT.
- If a Councillor or the Clerk is authorised by the Council to approve payment of a particular invoice or category of invoices, he/she should write "Approved" on the invoice, and initial and date it. When invoices are approved at a Council meeting, they should be marked "Approved at meeting on ....."
- When an invoice is paid, the Clerk should write "Paid" on the invoice, with the date of payment.
- If a single payment is used to pay several invoices, the invoices should be shown separately on the invoice listing.
- When cash is paid in at the Bank, the date should be entered in the paying-in book.

- It would be helpful if the balance of the Car Park Maintenance Fund could be separately identified in the Council meeting minutes.

### **Instow Recreational Ground Charity**

As a matter of expediency, cash was transferred from the Charity's Building Society account to the Council's Bank account during the year. This is not the Council's money, and it has been excluded from the cash balance shown on the AGAR. I understand that it has now been paid to another account in the Charity's name.

### **Website**

The Council is required to maintain a website for the purpose of making information available to the public, and it is important that this is kept up-to-date. It should include contact details (email addresses) for each Councillor; two addresses are missing.

The Lease to the Marine Parade car park from North Devon Council and the associated Grant Agreement could usefully be added, under the heading Fixed Asset Register (I cannot find them on the website).

Yours sincerely,

Michael Green FCMA  
Internal Auditor