

Ernest G Newhouse

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Mr Malcolm Morgan
Chairman, Tring Rural Parish Council

Dear Mr Morgan,

Yesterday I met you and Mrs Collins to undertake the Internal Audit examination of Tring Rural Parish Council in respect of the year ended March 2019. I am grateful to both of you for your welcome and hospitality. All of what follows was discussed with both of you.

I am pleased to say that the systems continue to be in good order and the Council's finances well controlled. I was also pleased that my recommendations made last year had been implemented.

1. Accounting records of Receipts and Payments.

I believe it would be helpful if the spreadsheets contained an extra column immediately after the total sum on each line. This should compare the total on each line with the sum of the entries in the various analysis columns, and should show whether or not they agree. This is to guard against some posting errors. I recommend accordingly.

2. Financial Regulations.

You told me that these specify, *inter alia*, that purchases with value below £2000 require two quotations. We agreed that this was not what they were supposed to say, and I recommend that they be reviewed and revised.

3. §137

When such payments are proposed to the Council, the Agenda and Minutes should specify them as such and should confirm that the total in the year is within the statutory limit.

4. Fixed assets

4.1. Some items, such as street lights, are reported in bulk ("38 Lamposts"). It appeared that there was no record of a recent count to confirm their continued existence, or even their locations. Clearly this positions needs to be remedied.

4.2. Some items, such as the 15 year old speed camera, are most likely obsolete and should be written off.

4.3. Other items are of low value. I recommend that the Council determine a limit, such as £50 or £100, below which such assets are not included in the Fixed Asset Register.

5. Accruals

Currently the accounts are maintained on a Receipts and Payments basis. A consequence is that distortions can arise in the management accounts when a payment is made in one period, or even one year, when it properly refers to a different one.

By the same token, the statement of earmarked reserves presented to the Council is distorted and confused by provisions being included for such items, the most significant of which is the annual re-imburement of VAT.

Although the Receipts and Payments basis is acceptable, I recommend that you consider moving to Income and Expenditure, by creating debtors and creditors as appropriate.

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 that reads "Ernest P. Newhouse". The signature is written in a cursive style and is underlined with a single horizontal line.

E. G. Newhouse