

Do the Numbers Limited

Southampton

17th November 2017

Karen Ross, Locum Clerk
New Alresford Town Council
The Avenue, Alresford
Hants
SO24 9EP

Dear Karen,

Subject: Matters arising from interim Internal Audit year ended 31 March 2018

Please find below the final list of matters arising following my visit to the office this week. The matters listed below are those which the council should address before the year end.

The control and working environment has improved significantly in the last half year. NATC is now in a position to look and plan forwards based on transparent and understandable systems and processes.

Control area	Issue	Recommended Action
Confidential minutes	The council has, by necessity had to use confidential minutes frequently. Great care should be taken to minimise their use where possible.	The nature of the confidential business should always be outlined in the public minutes. Confidential minutes should never be used for contracts.
General Reserves	The reserves of the council are – and have been for the last 8 years – significantly below the guidance.	The council should look at both income and expenditure to set a budget to bring general reserves towards 4 months of revenue expenditure (£160k)
Earmarked reserves	The council has insufficient funds to consider any new projects within the next year. Earmarked reserves should always be for specific projects with defined values, time frames and reasons.	The council has in the past undertaken several unbudgeted capital projects. Until reserves are replenished, day to day economies must be the priority
Wages	It is good practice to minute (confidentially) each year the total cost of wages by postholder, pay grade, pension cost etc.	This should be done as part of the budget setting and forward planning.
Bank balances	All of the funds of the council are currently held in the current account, earning no interest. Best practice is to hold only 3 months of revenue expenditure in the current account.	The council should look at opening a deposit accounts, such as the Lloyds 32 day account, so that the longer term reserves produce a little income and the risk on the current account is reduced.

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Director: Eleanor S Greene

Grant application form	The current form used by the council is very long and does not include all of the information required by best practice.	Over the winter th council should review the form to improve clarity.
Risk Assessment	The risk assessment currently adopted by the council is unclear and does not follow best practice.	A proforma has been supplied to the Clerk that should be reviewed and adopted in advance of the year end.
Budget setting	The officers have made excellent progress setting the budget up on the new software. This should allow accurate and timely budget monitoring.	The draft budget presented by officers will now be based on fully up to date actuals and comparatives. This should reduce any confusion about what the council has planned to do and what it can afford to do.
Accounting Software	The council has successfully changed accounting systems as at 30 th September. The transfer data has been checked.	For the purposes of year end reporting, please could RBS input the 31/3/17 comparatives into the system so that all I&E, Balance sheet, annual return and budget reports are complete.

Please find attached my invoice for the agreed interim fee of £375. If either you or your councillors have any queries, please do not hesitate to contact me.

Regards



Eleanor S Greene

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