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5 May, 2019

The Parish Clerk

St Mary Bourne Parish Council

Bourne Meadow,

St Mary Bourne,

Andover,

SP11 6BE

Dear Ms Exelby

**Draft Internal Audit Letter Report  
St Mary Bourne Parish Council 2018/19**

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, considering public sector internal auditing standards or guidance.

We are bound by the ethical guidelines of the Association of Accounting Technicians (AAT). We confirm that we are independent of the Council.

The internal audit work we have carried out has been planned to enable us to give our opinion on the control objectives set out in the Internal Auditor’s Report on the 2018-19 Annual Governance and Accounts Return.

We have complied with the legal requirements and proper practices set out in:

- ‘Governance and Accountability for Local Councils – A Practitioners’ Guide (England)’ March 2018
- The Accounts and Audit (England) Regulations 2015 (as amended).

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This is the only visit for 2018-19 that will check that the Parish Council adheres to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained for the year ended 31 March 2019.

A series of independent audit tests was undertaken using the various financial records, vouchers, documents, Minutes, the previous audit report to ascertain the efficiency and effectiveness of the Council's internal controls. This visit is to check that the Parish Council adhere to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained. The visit took place on 18 April 2019.

An Internal Audit testing strategy is set out in the current Governance and Accountability for Smaller Authorities in England appendix 5. This covers a "suggested approach to internal audit testing" covering 10 aspects ranging from Proper bookkeeping right through to Year-end procedures. Our Internal Audit testing is based on this approach.

As part of this internal audit review we checked that:

**Bank Reconciliations – Lloyds Bank Treasurers Account No 00262945  
Lloyds Bank Business Instant Account No 07335158**

- the financial totals as at 31 March 2018 had been brought forward accurately.
- any un-presented cheques, on line payments and un-banked income as at 31 March 2018 were checked to bank statements to verify these were banked in April 2019.
- all direct credits, standing orders, transfers were checked and accounted for the period 1 April 2018 to 31 March 2019.
- all income was banked and agreed to bank statements for the period 1 April 2018 – 31 March 2019.
- bank reconciliations for the bank account had been carried out between 1 April 2018 – 31 March 2019, and totals agreed to those shown in the Cash Book.

**Income and Expenditure**

- all un-presented cheque information as at 31 March 2019 was confirmed and that the details are accurate to the records held by Parish Council.
- test checks of the Cash Book totals for April 2018 – March 2019 were checked to payment vouchers/invoices paid to ensure that the details were correctly recorded and VAT elements extracted correctly.
- Income recorded in the bank accounts was checked to the remittances held in the accounts file and details matched to those entries shown in the Cash Book.

*Audit Note: A test check was carried out on the Grounds Maintenance Contract documentation for the period 1 April 2019 to 31 March 2022 to ensure this is fit for purpose. It is noted that the total Contract sum is £24,720 and the Parish Clerk will monitor the payments made to the Contractor during the contract period.*

*Audit Note: A test check was carried out on the details recorded for the Lengthsman Scheme administered and coordinated for twelve Parish Councils by the Parish Clerk. The spreadsheet information highlights sufficient details that track and record the amounts and hours allocated to each Parish Council in the scheme. The Parish Clerk reviews these details on a regular basis.*

**Petty Cash**

- we checked the totals for the Office Petty Cash to agree the end of year cash in hand total as £3.37 as at 31 March 2019.

- we checked a series of petty cash vouchers for the period April 2018 to March 2019 to agree them to details recorded in the Cash Book.

*Audit Note: It is noted that the Parish Clerk has considered the use of a debit card for sundry purchases rather than using Petty Cash in the future and this will be introduced in 2019/2020. Petty Cash will then no longer be used and the balance of cash in hand will be paid into the Lloyd Treasurers Account No 00262945.*

## VAT

- a VAT reimbursement claim for the period 1 April 2018 to 30 September 2018 for £2594.67 was received from HMRC on 4 January 2019. A further reimbursement claim for the period 1 October 2018 to 31 December 2018 for £2607.33 was also received from HMRC on 17 January 2019. A final reimbursement claim form 2018/2019 covering 1 January 2019 to 31 March 2019 for £4,592.74 had been submitted to HMRC in April 2019.
- the sample check of the individual elements recorded on the payment vouchers/invoices for the period April 2018 – March 2019 were noted and agreed to those shown on the reimbursement claims submitted to HMRC. This was also confirmed to the Cash Book for accuracy of the totals recorded on the reimbursement forms.

## Banking and Investments

- It was noted that the Parish Council have two investment accounts:

Lloyds Money Market (Fixed Term Deposit) Transaction Non 13493732LS  
Invested £20,000

This was invested on 21 March 2019 and matures on the 23 March 2020 with added interest of £201.64.

## Payroll Information

- Payroll information for the Parish Clerk was checked for the month of November 2018 to ensure that suitable arrangements are in place to ensure that PAYE, National Insurance Contributions are deducted from the Gross salary of the Parish Clerk.
- It is noted that a quarterly payment is made to HMRC for payment of PAYE and National Insurance

*Audit Note: It is noted that the Parish Clerk has opted out of an Employers Pension Scheme.*

## Assets Register

- We confirmed with the Parish Clerk that she has reviewed the Assets Register and this has been brought up to date as at 31 March 2019.

## Website and Policies

- We checked the Policies listed on the Parish Council website. At present this does not list any provision for:

- Investment Policy
- Reserves Policy

**Recommendation: We recommend that:**

- The Parish Council should consider introducing a policy for Investment Strategy, Reserves Policy.

*Audit Note: In discussion with the Parish Clerk it was agreed to review Financial Regulation 14.2. Currently the level shown is £250 although this is now considered too low and should be revised to £500.*

**Risk Assessment 2018/2019**

- Although the Parish Clerk had already completed the review of risks during 2018/2019 the risk assessment was not taken to the Parish Council and recorded in the Minutes before the 31 March 2019.
- This has been identified as a priority and will be presented to the Parish Council at their meeting in May 2019.
- The Parish Clerk has already produced a 2019/2020 risk assessment, and this was presented to the Finance Committee in April 2019. This will also be taken to the Parish Council meeting in May 2019 for ratification to ensure compliance with the requirements of Accountability and Governance for Smaller Authorities in England.

**Budget Information**

- The budget information for 2018/2019 has been reviewed throughout the financial year and budget monitoring is reported to Finance Committee and Parish Council.
- The budget and Precept for 2019/2020 was approved at the Parish Council meeting on the 22 January 2019.

**General Data Protection Regulation (GDPR) May 2018 and Freedom of Information**

- The Council follow the best practice requirements in full of the Transparency Code Regulation 2015 which includes the following:
  - a. all items of expenditure above £500
  - b. end of year accounts
  - c. annual governance statement
  - d. internal audit report
  - e. list of councillor or member responsibilities
  - f. the details of public land and building assets
  - g. Minutes, agendas and meeting papers of formal meetings
- It is noted that the Parish Council have introduced Privacy Notices to comply with GDPR but not all Councillors are displaying email extensions for Parish Council business protected by using the Parish Council name and followed by the.gov.uk email extension.

*Audit Note: It should be noted that best practice requirements under Freedom of Information suggest that Parish Council business is not to be done using personal email addresses. A test case report involving a Parish Council was produced by*

*the Information Commissioner in 2017 that provides for safeguards to be introduced by Parish Councils. A copy of this report was emailed to the Parish Clerk for information.*

### **Insurance**

- the Insurance Cover for the Parish Council is brokered through Came and Co and held with Inspire Policy Number RGBDX6962034. The current level of cover includes Employer Liability of £10m and Fidelity Guarantee of £150, 000 which is enough for the Parish Council in 2018/2019.

### **Parish Council Minutes**

- We checked the details of Parish Council Minutes from April 2018 to March 2019 to record points of note and for any financial approval or decision that affected the budget of the Parish Council and to ensure that details were correctly shown in the Financial Ledger.

### **End of Year Procedures**

- A full check was carried out on the end of year documentation provided by the Parish Clerk to confirm the accuracy of the details to be submitted to the External Auditor. This also included the validation of any variances of totals between 2017/18 and 2018/19 shown on the Accountability and Governance Annual Return (AGAR) in Section 2 as required by the External Auditor which is over 15%.
- We are satisfied that all the other information provided confirms the accuracy of the details to be shown in Section 2 of the AGAR and therefore have signed the internal audit report on the AGAR for 2018/2019.
- All the internal control statements shown in the internal audit report of the AGAR have been completed to show our opinion that there is an appropriate control framework in place for the Parish Council except for Objective C which will be resolved once the risks have been agreed and minuted for 2018/2019 by the Parish Council in May 2019.

### **Audit Opinion**

The various records and procedures now in place for the Parish Council will provide an adequate standard of control except where recommendations have been made in this report and once the risks of the Parish Council are reviewed and adopted by the Parish Council during 2019/2020.

This letter report should be noted and taken to the next meeting of the Parish Council to inform them of the Internal Audit work carried out. The details of this Internal Audit Report Letter should be also be minuted by the Parish Council.

Yours sincerely,  
Tim Light FMAAT  
Internal Auditor