



7 Hodder Close, Chandlers Ford, Hants, SO53 4QD.
Tel: 07762 780605 Email: Tim.Light1@hotmail.co.uk

17 January, 2020

**Parish Clerk
Sway Parish Council
Jubilee Fields Pavilion
Sway
Hants
SO41 6BE**

Dear Katie

Interim Internal Audit Report

Sway Parish Council – April to December 2019

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, taking into account public sector internal auditing standards or guidance. 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 Annual Internal Auditor's Report on the 2019-20 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)' 2019
- The Accounts and Audit (England) Regulations 2015 (as amended).

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Background

Sway Parish Council has income and expenditure of between £100,000 and £200,000 and is subject to review by the external auditor, PKF Littlejohn. The Council had a clean annual report from the external auditor for 2018-19.

The Council is not a sole managing trustee.

It is good practice for the Council to comply with the Local Government Transparency Code 2015.

The Council’s accounting records are maintained on Easy PC Software.

It is noted that the Council have opened an Investment Account in November 2019 with Hampshire Trust Bank to deposit monies which attract a good rate of return.

Internal audit checks

We have undertaken a series of audit tests on the Council’s financial records, vouchers, documents, Minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council’s internal control framework. This internal audit report is based on the audit testing carried out at the visit.

During this visit we checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- Insurance
- Budgets and reserves
- Payroll
- Transparency of the Council website.

Findings

Details of good practice noted, our recommendations and other matters to be brought to the Council’s attention are set out below.

Good practice

- The Council maintains its books and records on PC Easy software
- The Clerk is aware of the requirements of GDPR and the Council is registered with the ICO
- Details of total payments authorised at meetings
- All records were up to date and easy to follow
- The budgeting process is detailed and thoroughly monitored throughout the year

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- Bank reconciliations are carried out promptly each month and were accurate
- The Council takes an active scrutiny role
- VAT claims are made regularly
- The Insurance is appropriate for the size of the Council.
- Payments to HMRC for National Insurance and PAYE are made regularly.
- Pension payments are made to the NEST on a regular basis
- Best practice of the Transparency Code regulations 2015 is followed by the Parish Council.

Recommendations

Council Minutes

- The Minutes of the Council should list the number of payments and an overall total approved at each meeting.
- The Minutes of the Planning and Transportation Committee should be initialled on every page to provide evidence that all approvals and decisions have been recorded correctly in the Committee Minutes.

Other matters to be brought to the Council's attention

- The Clerk is aware that a VAT claim should be submitted to cover the period from September 2019 to December 2019 and this will be sent to HMRC in the near future.
- It is noted that two Allotment Holders have not yet paid their 2019/20 allotment fees. The Clerk is pursuing these direct with the Allotment Holders to resolve the situation of outstanding fees.
- The Council reviewed its risks in March 2019 to ensure that this had been completed in the financial year 2018/2019. We discussed with the Clerk the need to ensure that these are reviewed again by the 31 March 2020 to ensure that this is completed as per the requirements recorded in the Governance and Accountability for Smaller Authorities (Practitioners Guide) before the end of the financial year 2019/2020.
- It is noted that the Clerk is in the process of reviewing the Council Website to ensure it continues to be compliant with the Transparency Code 2015.
- The Website Accessibility Regulations 2018 will need to be considered to ensure that Parish Council can comply with the regulations for existing websites by the 23 September 2020. It is suggested that the Council should consider if this may affect the budget planning for 2020/2021.

Conclusion

Based on the tests we have carried out at this interim internal audit visit, in our view, the internal control procedures in operation are adequate to meet the needs of Sway Parish Council.

Next visit

The next internal audit visit has been arranged for 8 April 2020.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- Asset Register
- Financial Risk Assessment
- End of Year Procedures

Next Steps

This report should be noted and taken to the next meeting of the Parish Council.
They should decide what action will be taken on the recommendations we have made

Tim Light FMAAT
Internal auditor