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14 April, 2020

The Parish Clerk  
Nether Wallop Parish Council  
Kingman's Cottage  
Heathman Street,  
Nether Wallop  
SO20 8EW

Dear Gail

**Final Internal Audit Report**

**Nether Wallop Parish Council – April 2019 to March 2020**

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**

Nether Wallop Parish Council has income and expenditure of between ££20,000 and £25,000 in 2018/2019 and certified itself exempt from the limited assurance review by the External Auditor, PKF Littlejohn.

For 2019/2020 the Council have exceeded the income and expenditure threshold due to additional grant income and expenditure of new equipment. Therefore, the Council will be subject to the limited assurance review by the External Auditor. This will require Part 3 of the Accountability and Governance Annual Return (AGAR) to be completed and requires the Council to approve the AGAR by the 30 June 2020.

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 RBS Alpha Software.

The Clerk has purchased RBS Alpha Software for 2019/2020 financial year. All transactions for the year 2019/2020 are now recorded on the software and its continued use will enhance the effectiveness and efficiency for the Parish Council to record its financial transactions and budget information.

A Unity Trust Bank Current Account was opened in May 2019 and is operating successfully. The Clerk will review the need to continue to use the National Westminster Bank Current Account and if appropriate will close this account and transfer the balances to the Unity Trust Bank Account during 2020/2021.

The current Coronavirus outbreak has delayed a visit taking place this year, but consultations have continued by telephone conference calls and video link with the Clerk. The Clerk has also provided back-up information for the period April 2019 to March 2020 from the Railtas Alpha Software to support the current governance and financial management position of the Council.

Further confirmation has been obtained of good practice and compliance with the Transparency Code Regulations 2015 from the Council’s website.

**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 via the video link.

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During this audit 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
- End of Year Procedures

### **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 that is being followed**

- The Council maintains its books and records on RBS Alpha 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
- 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.
- The Council have considered its risks and recorded these in Council Minutes.
- Payments to HMRC for National Insurance and PAYE are made regularly
- The Assets Register is up to date and correctly records the items owned by the Council.

## Recommendations

### Petty Cash

- The Council should discontinue the use of Petty Cash in favour of direct receipts being submitted for payment to the Clerk. *(Audit Note: The current process whereby a small petty cash float is reimbursed to the Village Green Women's Group could not be checked to the original petty vouchers in this review. It is our opinion that to enhance payment controls it is recommended that receipts for expenditure are sent direct to the Clerk for reimbursement rather than through a Petty Cash system).*

### Sales Invoices

- The Council should introduce the use of Sales Invoices to formally record the fees due from the hire of the Marquee. *(Audit Note: The receipt of income from the hire of the Marquee relies on the hirer to pay the Council the fees due without a formal record of the amount to be collected. We recommend that a Sales Invoice should be raised for all hirers that will ensure that the income can be formally recorded in the accounts of the Council.*

### Other matters to be brought to the Council's attention

- We are pleased to report that the Council has reviewed its risks for 2019/20 at its May 2019 and March 2020 meeting. This action has ensured that the Council can answer "Yes" to assertion 5 on the 2019/20 Annual Governance and Accountability Return (AGAR) Governance Statement and we are able to answer "Yes" on the Annual Internal Audit Report on the AGAR objective C to confirm that the risks have been reviewed during the financial year.
- The Website Accessibility Regulations 2018 have been considered to ensure that Parish Council can comply with the Regulations for existing websites by the 23 September 2020.
- The 2019/2020 AGAR Internal Audit Report will require the Internal Auditor to check the Council has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations during 2019/2020. This will include the Internal Auditor being shown evidence that the posting of the notice on the website was done at least one clear day before the 30-working day period begins. We are pleased to report that the evidence to trace the posting date has been confirmed on the Council website.
- The Parish Clerk has also checked that the Asset Register is correct as at the 31 March 2020. Details of all new purchases or disposals have been recorded and accounted for when completing Box 9 of the Accounting Statements on the AGAR 2019/2020.
- It is noted that the Clerk's salary has been reviewed and she is now on scale point 19 from the 1 April 2020.
- It is noted that the Clerk continues to ensure that the Council Website is compliant with the Transparency Code 2015.

*April 14, 2020*

*Page 5*

### **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. This also included the validation of any variances of totals between 2018/19 and 2019/20 shown on the AGAR in Section 2 as required by the External Auditor which is over 15%.
- All other information provided confirms the accuracy of the details to be shown in Section 2 of the AGAR and therefore we have signed the internal audit report on the AGAR for 2019/2020.
- 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.

### **Conclusion**

Based on the tests we have carried out at this final internal audit, in our view, the internal control procedures in operation are appropriate to meet the needs of Nether Wallop Parish Council except where recommendations have been made in the report.

### **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