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30 June 2020

The Parish Clerk

Tichborne Parish Council

15 The Heath

Denmead

Waterlooville

PO7 6JT

Dear Brendan

**Tichborne Parish Council Internal Audit Report Letter for Council 2019/2020**

**April 2019 –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 Accountability and Governance and Accounts Return (AGAR).

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).

The current Coronavirus outbreak has delayed a visit taking place in 2019/2020, but consultations have continued by telephone conference calls with the Clerk. The Clerk has delivered to the Internal Auditor the

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July 1, 2020

Page 2

financial records and back-up information for the period April 2019 to March 2020 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.

A series of independent audit tests were undertaken from the information made available to ascertain the efficiency and effectiveness of these internal controls.

The Parish Council will need to submit a Certificate of Exemption to the External Auditor for 2019/2020 as their income and expenditure falls below the threshold of £25,000 that requires the Parish Council to have an External Audit.

A full check was also carried out on completion of the Accountability and Governance Annual Return (AGAR) for 2019/2020 to ensure that the Parish Council will be able to adhere to the Transparency Code Requirements 2015.

As part of this internal audit review we checked that:

#### **Bank Reconciliations**

- the financial totals as at 31 March 2019 had been brought forward accurately.
- any un-presented cheques, online payments, and un-banked income as at 31 March 2019 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 2019 to 31 March 2020.
- all income was banked and agreed to bank statements for the period 1 April 2019 – 31 March 2020.
- bank reconciliations for the bank account had been carried out between 1 April 2019 – 31 March 2020, and totals agreed to those shown in the Cash Book.

#### **Income and Expenditure**

- all un-presented cheque information as at 31 March 2020 was confirmed and that the details are accurate to the records held by Parish Council.
- test checks of the Cash Book totals for April 2019 – March 2020 were checked to payment information to ensure that the details were correctly recorded, and VAT elements extracted correctly.
- Income recorded in the bank accounts was checked to ensure the details matched to those entries shown in the Cash Book.

#### **VAT**

- a VAT reimbursement claim was received for £327.34 on the 09/09/2019 and related to purchases between 1 January 2020 and 31 August 2020.

#### **Payroll Information**

- we have noted that the Parish Clerk has a set payment amount for his duties to the Parish Council which is linked to the NJC Local Council Scale point 20. We have noted that deduction of PAYE and National Insurance Contributions are deducted correctly for gross salary and paid to HMRC on a regular basis.

**Asset Register**

- We confirmed with the Parish Clerk that he has reviewed the Assets Register and has now brought this up to date as at 31 March 2020.

**Risk Assessment 2019/2020**

- the risks of the Parish Council were reviewed in October 2019 to ensure that the requirements of the Governance and Accountability for Smaller Authorities in England (March 2020) is met.

**Insurance**

- the Insurance Cover for the Parish Council is with Zurich Municipal. The current level of cover is sufficient for the size of the Parish Council in 2019/2020.

**Parish Council Minutes**

- we checked the details of Parish Council Minutes on the Council from April 2019 to March 2020 to record points of note 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 2019/2020**

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 have signed the internal audit report on the AGAR for 2019/2020.

The External Auditor has for the first time required the Internal Auditor to check that the authority has demonstrated that during Summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

An extract from the External Auditors notification states:

“Our view is that Internal Control Objective L can only be answered positively if the Internal Auditor has seen evidence that:

- the Notice and approved AGAR Sections 1 and 2 were published on the website at least one day prior to the start of the period; and
- the period was compliant with the Regulations, i.e. 30 consecutive working days including the first 10 working days in July and commencing after the Section 2 approval date; and
- the Notice and approved AGAR remained on the website from the date of announcement to the end of the period.

***“If the Internal Auditor does not have evidence that all these criteria were met, a ‘No’ answer must be given; and if any cannot be demonstrated, a ‘Not covered’ answer must be given”***

July 1, 2020

Page 4

We are pleased to report that the details of the posting date are available on the Parish Council website for 2019 and we have completed "Yes" to objective L on the internal audit report of the AGAR.

#### **Audit Opinion**

All the internal control statements shown in the Internal Audit Report on the AGAR have been completed to show our opinion that there is an adequate control framework.

The Parish Council are required to adhere to the Accounts and Audit Regulations 2015 including the period for the exercise of public rights to be fully completed and along with the copy of the exemption certificate, publish the details on the Parish Council website before the 1 September 2020.

This report should be circulated for the next meeting of the Council to inform them of the Internal Audit work carried out. The details of this Internal Audit Letter Report should also be Minuted by the Council.

Yours sincerely,  
Tim Light FMAAT Internal Auditor.

