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22 February 2019

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

Dear Katie,

Interim Internal Audit Visit: Sway Council – October 2018 – January 2019 (2018/2019)

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, 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).

This is the second visit for 2018-19 to 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. The visit took place on 21 January 2019.

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A series of independent audit tests was undertaken using the various financial records, vouchers, documents, Minutes, previous audit reports to ascertain the efficiency and effectiveness of the Council's internal controls...

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.

Bank Reconciliations

- the financial totals as at 30 September 2018 brought forward are accurately shown in the Cash Book.
- all un-presented cheques, on line payments and un-banked income at 30 September 2018 were checked to bank statements to verify these were banked or cleared in October 2018.
- all cheques, BACS, direct debits, standing orders, transfers were checked and accounted for in the period 1 October 2018 to 31 January 2019.
- all bank paying in slips were banked and agreed to bank statements in the period 1 October 2018 to 31 January 2019.
- bank reconciliations for all bank accounts had been carried out between 1 October 2018 to 31 January 2019 and totals agreed to those shown in the appropriate Cash Book.

Bank Account

The Parish Council has the following bank accounts for processing its transactions:

- Lloyds Bank Business Treasurers Account no 01244326 - Balance as at 31 January 2019 £91,036.30
- Lloyds Bank S106 (Treasurers Account) no 33264360 – Balance as at 31 January 2019 £23,200.45

Income and Expenditure

- all on-line information, un-presented cheques and un-banked income information as at 31 January 2019 was confirmed and the details were accurate to the records held by the Parish Council.
- all Remittance Advices were checked and agreed to the Cash Books and bank statements for the period 1 October 2018 – 31 January 2019.
- a complete check was carried out on the collection of Allotment rents for 2018/2019. This included the new arrangement for the collection of the membership fees for the Allotment Association. It was further noted that the payment of £790.00 to the Allotment Association for the fees collected was paid on the 24 December 2018.

Audit Note: It was noted that the Parish Clerk will review the current method of recording a full year's rental against allotment plots where they are given up during the year by the plot holder. Refunds have not generally been issued or requested for part year rentals when plots are vacated but this will now be administered automatically up to 10 months into the year. Any new plot holder will be asked to pay a proportion of the rental for the year in question and the Allotment Association subscription, which will need to be passed on to the Committee accordingly.

General Data Protection Regulations May 2018

- we continue to note that the Parish Council remain compliant with the introduction of Privacy Notices to comply with GDPR. This allows Councillors to use emails for Parish Council business protected by using the Parish Council name and followed by the gov.uk email extension.

VAT

- a VAT reimbursement claim form was submitted for the period August 2018 to October 2018 to HMRC for £1833.91 and this was received in to the Parish Council bank account on the 29 November 2019.

- a further VAT reimbursement claim form was submitted on 31 January 2019 to HMRC for the period November 2018 to January 2019 for the sum of £1906.44. This reimbursement had not yet been received at the date of the audit visit.

- test checks were carried out from the invoice/payment vouchers from September 2018 to January 2019 to agree accuracy of the details to the Cash Book including the individual VAT elements.

Audit Note: In discussion with the Parish Clerk it was agreed that a VAT reimbursement claim form will be submitted for the period February 2019 to March 2019 so that from the financial year 2019/2020 VAT reimbursement claim forms will be submitted quarterly in line with the quarterly totals record in the Cash Book.

Payroll

- a test check was carried out on payroll information for November 2018 to agree the deduction of PAYE, National Insurance contributions, and Pensions contributions. We are pleased to report that these were calculated correctly, and the sums have been paid to HMRC and the Nest Pension Provider.

Risk Assessment 2018/2019

- it is noted that the Parish Council have assessed and adopted the risk assessment for 2018/2019 at the Parish Council meeting on the 24 May 2018 (Minute Reference 18/105).

Audit Note: A further update has been made to the document by the Parish Clerk in December 2018 and this will be taken to the Parish Council meeting in March 2019 for ratification.

Budget and Reserves

- a discussion was held with the Parish Clerk on the revenue budget v actual expenditure figures for 2018/2019. It is pleasing to note that the Parish Council receive regular commentary on large variations to the budget totals which inform them if action is required to revise the budget information.

- the current earmarked reserves for 2018/2019 show a total of £5500.

Audit Note: In discussion with the Parish Clerk it was agreed that the current \$106 monies held in the Lloyds Bank (Treasurers Account) no 33264360 of £23,200.45 should be shown as earmarked reserves. This will then record that these funds are specifically held for project work and will provide a permanent record that they are allocated if the External Auditor should question reasons for holding large sums of General Reserves.

February 24, 2019

Page 4

Parish Council Minutes

•Minutes of the Parish Council were checked for approvals for the period October 2018 to January 2019 to note decisions taken that affect the budget management of the Parish Council.

Audit Opinion

We are pleased to report that the various transactional elements of the Parish Council are of an adequate standard of control.

All minor queries were resolved during the audit for the period 1 October 2018– 31 January 2019 for the various transactional elements.

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 Letter Report should also be minuted by the Parish Council.

Tim Light FMAAT

Internal Auditor