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# LIGHTATOUCH

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14 June, 2023

**The Parish Clerk**

**Soberton Parish Council**

**Oakdene House**

**High Street**

**Soberton**

**SO32 3PN**

Dear Brendan

**Internal Audit Report Letter for Council 2022/2023**

**April 2022 –March 2023**

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 2022-23 Annual Governance and Accountability Return (AGAR).

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

- ‘Accountability and Governance for Local Councils – A Practitioners’ Guide (England)’ 2022
- The Accounts and Audit (England) Regulations 2015 (as amended).

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The Internal Audit was carried out on Monday 5 June 2023 in agreement with the Parish Clerk. The Clerk provided back-up information for the period April 2022 to March 2023 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 Regulation 2015 from the Council's website.

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

A full check was also carried out on completion of the Accountability and Governance Annual Return (AGAR) for 2022/2023.

In 2022/2023 the Parish Council has appointed a new experienced Parish Clerk. The Parish Clerk has made a good start to improve the internal control systems of the Parish Council by introducing Scribe software for the Parish Council.

The Parish Clerk has recognised that there are other areas where the internal controls require improvement these include the updating of the Parish Council website, and the updating of financial regulations to ensure it is fit for purpose to include a scheme of delegation.

Action will be taken to enhance the internal controls for the Parish Council during 2023/2024.

As part of this Internal Audit Review, we checked that:

#### **Bank Reconciliations**

- bank reconciliations for the bank account have been carried out between 1 April 2022 – 31 March 2023, and totals agreed to those shown in the Cash Book.

#### **Income and Expenditure**

- test checks of the Cash Book totals for April 2022 – March 2023 were checked to payment information to ensure that the details were correctly recorded, and VAT elements extracted correctly. *(Audit Note: Each Invoice should be stamped with the words "checked and agreed" to confirm that an authenticity check has been carried out to confirm the amount to be paid and that goods and services have been delivered.)*
- 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 in May 2022 for £7412.74 for the period April 2021 to March 2022. *(Audit Note: The Parish Clerk should submit a VAT reimbursement claim to HMRC for the period April 2022 to March 2023 as soon as possible).*

#### **Payroll Information**

- Deductions from Payroll information during the 2022/2023 financial year were checked to ensure that suitable arrangements are in place to deduct PAYE, National Insurance Contributions and Pension Contributions from gross salary of both the Locum and Permanent Clerks during the financial year.

- It is noted that a quarterly payment is made to HMRC for payment of PAYE and National Insurance Contributions.

#### **Asset Register**

- We confirmed with the Parish Clerk has reviewed the Asset Register, and this is up to date as at 31 March 2023. *(Audit Note: The Asset Register should be reviewed and approved at Council that it is accurate and up to date each financial year).*

#### **Risk Assessment 2022/2023**

- the risks of the Parish Council were not reviewed in 2022/2023 to ensure that the requirements of the Governance and Accountability for Smaller Authorities in England (March 2022) is met. *(Audit Note: We have noted however, that the risk of the Parish Council was not reviewed and approved by the Parish Council in 2022/2023 and should tick "No" to Assertion 5 on the Governance Statement 2022/2023. We will also tick "No" to Control Objective C on the Annual Internal Audit Report. This should be remedied in 2023/2024.*

#### **Insurance**

- the Insurance Cover for the Parish Council is with Hiscox and is sufficient for the Parish Council in 2022/2023.

#### **Parish Council Minutes**

- we checked the details of Parish Council Minutes on the Council from April 2022 to March 2023 to record points of note for any financial approvals or decisions that affected the budget of the Parish Council and to ensure that details were correctly shown in the Financial Ledger.

*(Audit Note: Although some of the minutes are signed, not all of them have been signed and initialled on each page. Can you make sure that when I return the records that you get the Chairman to sign off the Minutes that remain unsigned.*

*Financial Regulations will need to be amended to set up a scheme of delegation to allow the Policy Committee to approve the list of payments. For completeness you must a minute at Council that invoices approved for payment retrospectively by the Policy Committee is noted and approved by Council, but once the scheme of delegation is in place then you can do this at the Policy Committee without reference to the Council.*

#### **Charitable Trusts**

- the Council should pursue with the Charity Commission the question of a registration of a Charitable Trust with the Parish Council. We have noted in 2022/2023 the answer to Control Objective O on the Annual Internal Audit report has been answered "Not applicable".

#### **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 2021/22 and 2022/23 shown on the AGAR in Section 2 as required by the External Auditor which is over 15%.

All other information provided confirms the changes required by the External Auditor to reinstate totals on the Accounting Statements 2022/2023 and these have been checked for accuracy. The details shown in Section 2 of the AGAR have been agreed and therefore we have signed the Internal Audit Report on the AGAR for 2022/2023.

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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 also be Minuted by the Parish Council.

Yours sincerely,

Tim Light FMAAT - Internal Auditor