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3 May 2018

The Parish Clerk
East Tisted Parish Council
Old Station House
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GU34 3QU

Dear Mrs Evison

Internal Audit Letter Report for East Tisted Parish Council 2017/18

April 2017 – March 2018

The Accounts and Audit Arrangements introduced from 1st April 2002 (lighter touch audit) requires all Town and Parish Councils to implement an independent internal audit examination of their Accounts and Accounting processes annually. The Council have complied with the requirements in terms of independence by the Council decision making process in 2016/2017, by appointing Lightatouch to undertake the work for 2017/18.

This internal audit is to check that the Parish Council adhere to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained. Two visits took place on the 26 April and 3 May 2018.

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.

Our discussions with the Parish Clerk established any system or procedure changes to the internal controls from the previous period. A series of independent audit tests were then undertaken using the various financial records, vouchers, documents, Minutes, insurance documentation to ascertain the efficiency and effectiveness of these internal controls.

The Parish Council have submitted a Certificate of Exemption to the External Auditor for 2017/2018 as their income and expenditure falls below the threshold of £25,000 that requires the Parish Council to have an External Audit.

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A full check was also carried out on completion of the Accountability and Governance Annual Return (AGAR) for 2017/2018 to ensure that the Parish Council will be able to adhere to the Transparency Code Requirements 2015.

As part of the Internal Audit Review we checked:

Bank Reconciliations – TSB Treasurers Account No 00009963

- the financial totals as at 31 March 2017 had been brought forward accurately.
- any un-presented cheques, on line payments and un-banked income at 31 March 2017 were checked to bank statements to verify these were banked in April 2017.
- all bank giro credit income was banked and agreed to bank statements for the period 1 April 2017 – 31 March 2018.
- bank reconciliations for the bank account had been carried out between 1 April 2017 – 31 March 2018, and totals agreed to those shown in the Cash Book.

Audit Note: We are pleased to report that our recommendation made in the 2016/17 internal audit report that the Chairman of the Parish Council sign and date the bank reconciliations at each Parish Council meeting to confirm that bank reconciliations have been carried out accurately as part of Parish Council scrutiny role has been implemented.

Income and Expenditure

- all un-presented cheque information as at 31 March 2018 was confirmed and that the details are accurate to the records held by Parish Council.
- test checks of the Cash Book totals for April 2017 – March 2018 were checked to payment vouchers/invoices paid to ensure that the details were correctly recorded and VAT elements extracted correctly.
- income recorded in the bank accounts were checked to the remittances held in the accounts file and details matched to those entries shown in the Cash Book.

VAT

- It was noted that a reimbursement claim has been received for a total of £67.00 for the period 01/03/2017 to 28/02/2018 from HMRC on the 23 March 2018.
- The Cash Book provides for a column to extract the VAT elements and a check was carried out to agree the accuracy of all the amounts shown on the reimbursement claim to those elements that had been recorded both in the Cash Book and on the invoices for the period 1 April 2017 – 31 March 2018.

Payroll Information

Audit Note: We continue to note that the current Parish Clerk does not draw any salary from the Parish Council due to her status as a Parish Councillor.

Assets Register

- The Assets Register is up to date and the purchase of a Defibrillator will be added during 2018/2019.

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Risk Assessment

Audit Note: We are pleased to report that the recommendation made in the internal audit report 2016/2017 that an assessment of the risks for the Parish Council should be reviewed on an annual basis has been implemented. It is further noted that this was approved by and minuted by the Parish Council at their meeting on the 30 August 2017.

Insurance Cover

- the Insurance Cover for the Parish Council continues to be brokered through Came and Co and held with Hiscox Policy Number 1891376. The current level of cover includes Employer Liability of £10m and Fidelity Guarantee of £500,000 which is sufficient for the Parish Council in 2017/2018.

Parish Council Minutes

- We checked the details of Parish Council Minutes from April 2017 to March 2018 to record points of note and 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.

Audit Note: We are pleased to report that the recommendation made in the internal audit report 2016/2107 that all Minutes should be formally signed by the Chairman of the Parish Council including each page being initialled to confirm that they are a true record of the decisions and approvals taken by the Parish Council has been implemented.

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 2016/17 and 2017/18 shown on the AGAR in Section 2 as required by the External Auditor which is over 15%.
- We are satisfied that the 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 2017/2018.
- All of the internal control statements shown in the internal audit report of the AGAR have been completed to show our opinion that there are adequate internal control systems for the Parish Council.

Audit Opinion

The various records and procedures in place provide an adequate standard of control. All minor points were resolved during the course of the Internal Audit with the Parish Clerk.

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 2 July 2018.

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

