

.....

LIGHTATOUCH

7 Hodder Close, Chandlers Ford, Hants, SO53 4QD.
Tel: 07762 780605 Email: Tim.Light1@hotmail.co.uk

9 February, 2019

Parish Clerk

Wroughton Parish Council

Ellendune Community Centre,

Barrett Way,

Wroughton

SN4 9LW

Dear Jodie

**Interim Internal Audit Letter Report for Wroughton Parish Council (August 2018 – December 2018)
2018/19**

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.

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. This visit 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. The visit took place on 21 January 2019.

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.

As part of the Internal Audit Review we checked that:

Bank Reconciliations

- the financial totals as at 31 July 2018 brought forward are accurately shown in the Cash Books.
- all un-presented cheques and un-banked income was checked to bank statements and any that remain outstanding were checked to the bank reconciliation as at the 31 August 2018.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 August 2018 to 31 December 2018.
- all bank paying in slips were banked and agreed to bank statements in the period 1 August 2018 to 31 December 2018.
- bank reconciliations for all bank accounts had been carried out between 1 August 2018 to 31 December 2018, and totals agreed to those shown in the Cash Books.

Audit Note: We continue to note that bank reconciliation sheets and bank statements are not signed by the Deputy Parish Clerk.

Recommendation We recommend that:

- We continue to recommend that the bank reconciliations and bank statements should be signed and dated by the Deputy Parish Clerk each month.

Petty Cash

- we checked the totals for the Office Petty Cash from the Petty Cash Summary sheets to agree this to the Cash Book as £80.46 at the 31 August 2018.
- we checked a series of petty cash vouchers for the period September 2018–December 2018 to agree them to Cash Book and the Petty Cash Summary Sheet.

Income and Expenditure

- all un-presented cheques and un-banked income information as at 31 December 2018 was checked to ensure that the details are accurately recorded in the Parish Council records.
- all Remittance Advices were checked and agreed to the Cash Book and bank statements for the period 1 August 2018 – 31 December 2018

Audit Note: It was noted:

Income received and banked is not always cross-referenced to the sales invoices raised for allotment fees and other income related fees and cannot be easily traced to confirm that invoices have been cleared.

We continued to find that:

- A number of sales invoices held on the file did not have enough details to trace the receipt of income to either the bank paying in book or by BACS.

There are 5 sales invoices raised for Allotments in May 2018 that indicate that these should be cancelled but remain outstanding and unpaid on the sales invoice file.

There are four outstanding sales invoices raised in October 2018 for Ellendune Community Centre that have not been cleared but the payments were received and banked in the bank account on 1 November 2018.

Recommendation: *We recommend that*

- *all sales invoices should be checked and any that need to be cancelled should be done immediately. We also recommend that a system of cross checking should be introduced on a regular basis to clear all outstanding sales invoices that need to be cancelled.*
- *It is also recommended that a separate file is kept for all sales invoices that have been cleared and paid. Only outstanding sales invoices should be held on the outstanding sales invoices file awaiting payment and this should be checked to follow up outstanding payments on a regular basis.*

Audit Note: *It is noted that the Cash and Cheque information recorded in the Receipts Book covering the period July – December 2018 was not banked until the 12 December 2018.*

Recommendation: *We recommend that*

- *All income received by the Parish Council by Cash or Cheques should continue to be receipted and banked on a more regular basis.*
- *We understand that the Post Office are no longer accepting loose change and will only accept completed cash money bags. Not all income is currently banked to clear the income receipted, and a small amount of change is retained until the next Banking is undertaken. It is therefore important to show the details on banking made on the bank paying in records and to cross reference the receipt number in the spreadsheet for those where part payment has been in to the bank account.*

VAT

- We noted that the reimbursement of £23,274.60 for the period April – September 2018 was received on 15 December 2018.

Audit Note: *We have noted that the totals shown on the VAT summary sheet attached to the VAT reimbursement claim for month 4 (July 2018) do not match to the sums listed in the Cash Book. The Deputy Parish Clerk will now check the details and if required will adjust on the next VAT claim to be submitted for reimbursement.*

Audit Note: *A further VAT reimbursement will now be submitted to HMRC for the period October – December 2018.*

BACS Payments

- A test check of the payment file as carried out (August 2018 to December 2018) to ensure that the totals paid on line were authorised and matched the payment vouchers held on the file. We also checked that the on-line payments were correctly shown on the bank statements to confirm the accuracy of invoices authorised for payment.

Audit Note: *It is noted that invoices held on the payment file where payments are made to Suppliers by Direct Debit are not signed or initialled to show that the voucher details are accurate and agree to the payment.*

Recommendation: *We recommend that all invoices where payment is made by Direct Debit should be signed to agree the accuracy of the sums paid.*

Investments

- It was noted that the Parish Council have three investment bank accounts:

Co-op Corporate PSR Account No 6159193050

Unity Trust Bank Account 20388391

Nationwide Business 95 Day Saver Account 90059619

- The Parish Council have invested £186,543.48 in the Unity Trust Bank and £208,856.34 in the Co-op Corporate PSR Account and £102,223.17 in the Nationwide Business 95 Day Saver Account as at 31 December 2018.

Payroll Information

- A test check of the payroll information for October 2018 was carried out to ensure that all deductions for National Insurance, PAYE and Pensions Contributions were correctly deducted and paid to HMRC and Wiltshire Council.

Transparency Code Regulations, General Data Protection Regulation (GDPR) May 2018

To follow best practice requirements in full of the Transparency Code Regulation 2015 the Parish Council should detail on their Website:

- a. all items of expenditure above £500
- b. end of year accounts
- c. annual governance statement
- d. internal audit report
- e. list of councillor or member responsibilities
- f. the details of public land and building assets
- g. Minutes, agendas and meeting papers of formal meetings

• On looking at the Website it appears that the Parish Council comply with these best practice requirements other than the list of expenditure for the period between October 2018 and December 2018 which is not yet displayed.

• It is noted that the Parish Council have introduced Privacy Notices to comply with GDPR but not all Councillors are displaying email extensions for Parish Council business protected by using the Parish Council name and followed by the .gov email extension.

Audit Note: It should be noted that best practice requirements under Freedom of Information suggest that Parish Council business is not done using personal email addresses. A test case report involving a Parish Council was produced by the Information Commissioner in 2017 that provides for safeguards to be introduced by Parish Councils. A copy of this report was emailed to the Parish Clerk for information.

Insurance Policy

• Insurance cover for the Parish Council is held with WPS Aviva policy 25170980CCL to cover the period 01/10/2019 to 30/09/2020. The cover provides for Employer Liability of £10m and Public Liability of £10m. Fidelity Guarantee has been set at £250,000 and is enough for the size of the Parish Council.

Minutes of the Parish Council

• The Minutes of the Parish Council and Finance and General Purposes Committees were checked for decisions and approvals for the period August 2018 – December 2018 and these were accurately recorded and where appropriate could be traced to the budget information for the Parish Council.

Audit Note: It was noted that not all Minutes of the Parish Council and Finance and General Purposes Committee had been signed by the Chairman to agree that the decisions recorded by the Parish Council had been adopted and approved.

The following had not been signed:

- *Parish Council: 20/08/2018, 15/10/2018, 17/12/2018*
- *Finance and General Purposes Committee: 17/09/2018*

Recommendation: We recommend that:

The minutes of the Parish Council and Finance and General Purposes Committee listed above should be signed and initialled on each page to confirm that decisions recorded by the Parish Council had been adopted and approved.

Audit Opinion

It is our opinion that the various transactions elements of the Parish Council are of an adequate standard of control with the exception of where recommendations have been made above.

All minor points were resolved during the audit for the period 1 August 2018– 31 December 2018 for the various transactional elements.

This letter report should be noted and taken to the next meeting of the Finance and General Purposes Committee to inform them of the Internal Audit work carried out. The details of this Interim Internal Audit Letter Report should also be minuted.

Yours sincerely,

Tim Light FMAAT
Audit Director
Lightatouch