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LIGHTATOUCH

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28 April 2020

**Parish Clerk & RFO
Queen Camel Parish Council
14 Everlanes Close
Milborne Port
Sherborne
Dorset
DT9 5FT**

Dear Emma

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 video link and/or telephone conference calls with the Clerk. The Clerk has also provided back-up information from Scribe software for the period April 2019 to April 2020 to support the current governance and financial management position of the Council.

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Further confirmation has been obtained of good practice and compliance with the Transparency Code Regulations 2015 from the Council's website.

The new Parish Clerk has been in post since the 1 June 2019 and has made rapid progress to strengthen the internal control framework for the Parish Council. The Clerk has continued to implement recommendations made in the interim internal audit report and it is pleasing to see that new controls are being introduced to ensure the Parish Council complies with Legislation, Regulation and Best Practice.

The Clerk has purchased Scribe Software for 2019/2020 financial year. All transactions for the year 2019/2020 are now recorded on the software and its continued use will enhance the effectiveness and efficiency for the Parish Council to record its financial transactions and budget information.

A Unity Trust Bank Current Account was opened in May 2019 and is operating successfully. The Clerk is in the process of closing the National Westminster Bank Current Account and the balances will be transferred to the Unity Trust Bank Account during 2020/2021.

A series of independent audit tests were 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 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 for £1239.66 was received for 10 January 2020 for the period April 2019 to December 2019.

Payroll Information

- Deductions from Payroll information during the 2019/2020 financial year were checked to ensure that suitable arrangements are in place to deduct PAYE, National Insurance Contributions from gross salary of the Clerk during the financial year.
- It is noted that a monthly payment is made to HMRC for payment of PAYE and National Insurance Contributions.

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 March 2020 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 Ecclesiastical and is sufficient for the size of the Parish Council. The current level of cover includes Employer Liability of £10m and Fidelity Guarantee of £150, 000 which is enough for the Parish Council in 2019/2020.

Parish Council Minutes

- we checked the details of Parish Council Minutes on the Council website 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 2018/2019

The AGAR was not accurately completed before submission for review.

The External Auditor stated "Except for Matters" as:

- Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR.
- The smaller authority has not addressed the 'except for' matter raised by the external auditor when qualifying the prior year AGAR. Information received from the smaller authority for the 2017/18 review indicated that assets purchased during that year have not been included in Section 2, Box 9 for either year
- Information received from the smaller authority confirms that funds (solar farm grant and VAT) received after the year end have been incorrectly included in the 2018/19 income figures in Section 2 and as reconciling items on the bank reconciliation.

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- As the council operates on a receipts and payments accounting basis, these should not be recognised until the year that the cash is physically received. Section 2, Boxes 3, 7 and 8 should read £145, £45,629 and £45,629, respectively.

End of Year Procedures 2019/2020

The new Parish Clerk has reviewed all the issues raised by the External Auditor in 2018/2019 and has made adjustments to ensure that the end of year Accounting Statements on the Accountability and Governance Annual Return (AGAR) are correctly recorded, although it has been necessary to reinstate some the figures for 2018/2019 on the 2019/2020 AGAR.

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.

All the internal control statements shown in the internal audit report of the AGAR have been completed to show our opinion that there is an adequate control framework in place for the Parish Council.

This letter report should be circulated for 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