



Tim Light – trading as LIGHTATOUCH

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16 May 2018

**The Responsible Finance Officer
East Meon Parish Council,
Agriculture Place
Drayton Farm
East Meon
Petersfield
Hants
GU32 1PN**

Dear Sarah

**Internal Audit Letter Report for East Meon 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 2017/2018, by appointing Lightatouch to undertake the work for 2017/18.

A visit took place on Tuesday 16 May 2018 to check that the Parish Council adhere to the requirements set out in the Governance and Accountability document for Smaller Authorities in England ensuring that compliance is maintained.

An Internal Audit testing strategy is set out in the current Governance and Accountability document 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 during the 2017/2018 financial year we checked that:

Bank Reconciliations

- the financial totals as at 31 March 2017 were brought forward correctly and accurately shown in the Cash Book.
- all un-presented cheques and un-banked income as at 31 March 2017 were checked to bank statements to verify these were banked in April 2017.
- all cheques, direct debits, standing orders, BACS and transfers were checked and accounted for in the period 1 April 2017 to 31 March 2018.
- all bank paying in slips were banked and agreed to bank statements in the period 1 April 2017 to 31 March 2018.
- bank reconciliations for all bank accounts had been carried out between 1 April 2017 to 31 March 2018 and totals agreed to those shown in the Cash Book.

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Income and Expenditure

- all un-presented cheques and un-banked income information was checked as at 31 March 2018 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 April 2017 – 31 March 2018.

VAT

- it was noted that VAT reimbursement claim totals for the period 1 April 2016 – 31 March 2017 was £4,174.48 and this was received on the 12 May 2017. The Responsible Finance Officer is in the process of preparing a VAT reimbursement claim for submission to HMRC covering the period 1 April 2017 and 31 March 2018. *now received*
- a test check was carried out on the VAT elements from payment vouchers to the reimbursement claim form for those invoices processed in April 2017 – March 2018.

Invoice Payments

- a test check of the Invoice payment files was carried out (April 2017 – March 2018) to ensure that the totals were correctly paid and were authorised to match the details in the Cash Book.

Insurance

- the Insurance Cover for the Parish Council is brokered through Came and Co and held with Aviva Policy Number 24414511CHC. The current level of cover includes Employer Liability of £10m and Fidelity Guarantee of £150,000 which is sufficient for the Parish Council in 2017/2018.

Policies and Procedures

- It is pleasing to note that the Responsible Finance Officer has reviewed the Policies and Procedures for the Parish Council during 2017/2018 and these have been adopted by the Parish Council. These are now sufficient and **fit for purpose for the Parish Council**. The Responsible Finance Officer will now ensure that the latest versions of these documents will be updated on the Parish Council website.

Minutes of the Parish Council

- The Minutes of the Parish Council were checked to ensure all decisions and approvals for the period April 2017 – March 2018 were recorded that affect the financial management of the Parish Council.

• we noted that the Minutes of the Parish Council are signed by the Chairman but each page on the Minutes is not initialled to indicate that they are a true record on the decisions made by the Parish Council.

Recommendation: We recommend that each page of the Parish Council Minutes should be signed by the Chairman to provide assurance that these are a true record of approvals and decisions taken by the Parish Council.

Financial Assistance to the Church

- The Parish Council should be aware of the briefing note sent out to Parish Councils on the 31 January 2018 from the National Association of Local Councils (NALC) LO1 18 which sets out the current issues on Parish Councils **providing grants to Churches**.

- The information in this briefing note indicates that Parish Councils do not have the legal powers to make grants to Churches but this is currently being tested in the Courts.

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- The Parish Council should be mindful of further information received from NALC and SLCC to ensure that any Grants made to Churches does not put them in breach of their powers. A copy of the Legal Notice has been given to the Responsible Finance Officer for information.

End of Year Procedures

- A full check was carried out on the End of Year documentation provided by the Responsible Finance Officer to confirm the accuracy of the details to be submitted to the External Auditor. This also included the validation of any variances of totals over 15% between 2016/17 and 2017/18 shown on Section 2 of the Accountability and Governance Annual Return as required by the External Auditor.
- The Annual Internal Audit Report to be submitted to the External Auditor was completed and signed by Tim Light.

We are pleased to report that the various records and procedures in place for the Parish Council provide a good standard of control.

This 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.

Audit Opinion

It is our opinion that the various records and procedures in place for the Council provide a good standard of control.

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 be minuted by the Parish Council.

Yours sincerely,

Tim Light FMAAT
Internal Auditor

