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**7 January, 2022**

The Parish Clerk  
Nether Wallop Parish Council  
Kingman's Cottage  
Heathman Street,  
Nether Wallop  
SO20 8EW

Dear Gail

**Interim Internal Audit Report**

**Nether Wallop Parish Council – April 2021 to October 2021**

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 2021-22 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)' 2021
- The Accounts and Audit (England) Regulations 2015 (as amended).



- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- Insurance
- Budgets and Reserves
- Payroll
- Transparency of the Council website
- Website Accessibility Regulations 2018

### **Findings**

Details of good practice noted, our recommendations and other matters to be brought to the Council's attention are set out below.

### **Good practice that is being followed**

- The Council maintains its books and records on RBS Alpha software
- The Clerk is aware of the requirements of GDPR
- The Council is registered with the ICO
- Details of total payments authorised at meetings
- All records were up to date and easy to follow
- The budgeting process is detailed and thoroughly monitored throughout the year
- Bank reconciliations are carried out promptly each month and were accurate
- The Council takes an active scrutiny role
- VAT claims are made regularly
- Payments to HMRC for National Insurance and PAYE are made regularly
- The insurance cover is appropriate for the size of the Council
- Income was traced and correctly recorded and accounted for in the financial ledger
- The Council remain compliant with the requirements of the Transparency Code 2015
- The Website Accessibility Statement has been produced and uploaded to the Website.

### **Recommendations**

#### **Football Clubs Hire of Sport Pitches**

- The Parish Clerk should be provided with all hire agreements, so she is aware of the agreement arrangements and details. Teams should not be allowed to play unless a contract has been signed for the current season.
- Sale invoices should be raised for the hire of sports pitches and payment should be sent direct the Parish Clerk, ideally by electronic banking. All cash income received should be banked on a more regular basis.
- Consideration should be given to use an electronic calendar for future booking of Sports Pitches which should be accessible by the Parish Clerk.

### **Other matters to be brought to the Council's attention**

- The External Auditor has now recommended that each Invoice should be initialled by the Clerk 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 before the list of invoices to pay are taken to the Parish Council for payment ratification.
- It should be noted that the External Auditor has highlighted in 2020/2021 that any authority which receives income in respect of an insurance claim against expenditure during the year should not account for it as a receipt but should be netting it off against the relevant expense. Whilst the Practitioners' Guide is silent on the matter, the External Auditor's view is that the true cost to the authority should be shown on a net basis. Accounting on a gross basis inflates the gross income and gross expenditure of the authority and can push the authority into a higher fee band than it would otherwise be in.
- We have also noted that no end of year financial accounts has been received from Over Wallop Parish Council for the Wallop Parish Hall since 2019/2020. We suggest that the Parish Clerk should approach Over Wallop Parish Council to confirm that the end of year financial accounts for 2020/2021 are made available and sent to the Parish Council for information.
- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2021 and will be able to tick "Yes" to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2021/2022 to comply with the requirements of the Accounts and Audit Regulations 2015. We will also be able to tick "Yes" to Control Objective M on the Annual Internal Audit Report 2021/2022.
- We note that the financial risk assessment 2021/2022 will need to be approved and Minuted by full Council by the 31 March 2022. We will then be satisfied that the Council can tick "Yes" to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2021/2022 to comply with the requirements for the External Auditor. We will also be able to tick "Yes" to Control Objective C on the Annual Internal Audit Report 2021/2022. The 2021/2022 financial risk assessment should then be uploaded on to the Council website for information. *(Audit Note: We understand from the Parish Clerk that the financial risk assessment update and approval will be added as an item to the February 2022 full Council agenda).*
- We note that the Asset Register was approved and Minuted at a Full Council Meeting on the 4 May 2021. The Council can tick "Yes" to Assertion 6 on the Annual Governance Statement on the AGAR 2021/2022. We will be able to tick "Yes" to Control Objective H on the Annual Internal Audit Report 2021/2022.

### **Conclusion**

Based on the tests we have carried out at this final internal audit, in our view, the internal control procedures in operation are appropriate to meet the needs of Nether Wallop Parish Council.

**Next visit**

The next internal audit visit has been arranged for **Friday 22 April 2022**

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- Asset Register
- Budget 2022/2023
- Transparency Code Regulations 2015
- End of Year Procedures 2021/2022

**Next Steps**

This report should be noted and taken to the next meeting of the Parish Council.

The Council should decide on what action to take from the recommendation made in this report.

Tim Light FMAAT  
Internal auditor