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# LIGHTATOUCH

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20 December, 2023

The Parish Clerk  
Boyatt Wood Parish Council  
St Peters Church  
Shakespeare Road  
Eastleigh  
SO50 4FZ

Dear Marica

### First Interim Internal Audit Report

#### Boyatt Wood Parish Council – April 2023– November 2023

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 to be 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 2023-24 Annual Governance and Accountability 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)’ 2023
- The Accounts and Audit (England) Regulations 2015 (as amended).

#### Background

Boyatt Wood Parish Council had income and expenditure in 2022-2023 of between £50,000 and £100,000 and is subject to review by the External Auditor, BDO. The Annual Governance and Accountability Return 2022-2023 has been submitted to the External Auditor. The Parish Council had one “except for matter” and one “other matter from the External Auditor which states:

#### Except for Matter

The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year’s AGAR: Section 2, Box 2, the annual precept, does not agree to the figure published by the precepting authority. The initial set up fee received from the local authority has been included in Box 2 as opposed to Box 3. The figures in boxes 2 and 3 should read £0 and £72,420.

#### Other Matter

The smaller authority was formed 1 April 2022, and this is the first year, thus there are no prior year comparatives on the AGAR.

**(Audit Note: These matters will be resolved on the completion of the AGAR 2023/2024).**

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The Council is not a sole managing trustee.

It is good practice for the Council to comply with the Local Government Transparency Code 2015.

The Council's accounting records are maintained on RBS Alpha Software

The first interim internal audit visit was agreed with the Parish Clerk to be carried out on Friday 15 December 2023 and a close of audit meeting on Tuesday 19 December 2023.

The Parish Council have used the RBS Alpha Software package from 01 April 2023. It is our opinion that this bespoke package is fit for purpose for the Parish Council to maintain their financial management information and will provide detailed financial reports to aid their decision making. The Parish Clerk provided back-up information from RBS Alpha Software in advance of the visit for the period April 2023 to November 2023 to support the current governance and financial management position of the Council.

This review continues to check the internal control systems from the internal audit work done in 2022/2023 and focusses on checking and validating internal control systems in use at the Parish Council including transactional elements of the financial accounts.

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

We have noted that the Parish Council has closed its Unity Trust Bank Account in October 2023 and transferred the balances at the closure of the account to a new Lloyds Bank Current Account. The RBS Alpha software shows that there is a balance on the Unity Trust Account of £905.58. We discussed this with the Parish Clerk who is aware that a journal entry is required to clear this balance to Nil in the financial accounts and this will be carried out in December 2023.

The Parish Councils Financial Regulation 5.3 requires that:

- ***All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.***

We have noted that there is currently no evidence recorded on each invoice that these have been examined and verified that the goods and services have been received or delivered. ***(Audit Note; Each invoice should be marked to show it has been checked and agreed before payment is made to the bank).***

We also discussed with the Parish Clerk the transfer of assets from Eastleigh Borough Council which will include the ownership of the Allotments. Further work including the mapping and the halving of the St Cathrines Road site to prepare the Allotments for use. A new price structure has been approved to increase the price per rod to £60 from the 01 October 2023.

#### **Internal audit checks**

We have undertaken a series of audit tests on the Council's financial records, vouchers, documents, Minutes, policies, procedures, and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out at this review.

During this review we checked a sample of records and tested the following:

- Minutes of Council and Committee Meetings
- Policies and Procedures
- Bank and cash
- Investments
- Budgetary Management
- Income and Expenditure
- VAT claims
- Financial Risk Assessment
- Transparency of the Council website

### 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

- The Council continues to maintain its books and records on RBS Alpha Software.
- Staff remain aware of the requirements of GDPR.
- The Council is registered with the ICO.
- Details of total payments authorised at meetings are recorded in the Minutes.
- All income records are appropriate and recorded correctly.
- The Insurance cover is appropriate for the size of the Parish Council.
- All expenditure items could be traced and are recorded correctly in the financial ledger.
- All records continue to be up to date and easy to follow.
- The Council take an active scrutiny role.
- The budgeting process is detailed and monitored.
- Bank reconciliations are carried out and were accurate.
- The Council remain compliant with the requirements of the Transparency Code 2015
- Minutes are signed by the Chairman as evidence of decisions taken by the Council.

#### Recommendations

##### Payment of Invoices

- Each invoice should be marked to show it has been " **checked and agreed**" as per Financial Regulations 5.3 before payment is made to the bank.

##### Reserves

- Earmarked Reserves should be reviewed as part of budget setting for 2024/2025 and that action should be taken to decide what level of General and Earmarked Reserves are reviewed as part of the future planning for projects in the future.
- The Council to review its investment and Reserves strategy so that it can set a benchmark amount to be put aside each year for replacement of items.

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

- The Parish Council should ensure that budget setting for 2024/2025 considers the potential for higher contract and supplier costs as well as annual salary increases which may be agreed as part of the NJC national pay negotiation with Unions. ***(Audit Note: The Parish Clerk has already included increases in the budget approved at the Parish Council meeting on 18 December 2023).***
- The Parish Clerk will continue to update the Asset Register to ensure all new purchases are recorded. The recent review of Assets will now require an adjustment to the Asset Register to ensure that the totals reflected in the End of Year figures for Box 9 on Section 2 Accounting Statements are up to date and accurate for reporting to the External Auditor. ***(Audit Note: We understand that the Asset Register will be taken to the Parish Council meeting February 2024 for their approval).***
- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2023 and will be able to tick "Yes" to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2023/2024 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 2023/2024.
- We note that the risk assessment for 2023/2024 will need to be approved by the Full Parish Council before the 31 March 2024. Once approved the Council can tick "Yes" to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2023/2024 to comply with the requirements for the External Auditor. We will then tick "Yes" to Control Objective C on the Annual Internal Audit Report 2023/2024.
- A VAT reimbursement claim for the period April 2023– December 2023 will be submitted to HMRC in the near future.

**Conclusion**

Based on the tests we have carried out at this interim internal audit review, in our view, the internal control procedures in operation are adequate to meet the needs of Boyatt Wood Parish Council except where we have made recommendations in this report.

**Next visit**

The next internal audit visit has been arranged for **Friday 24 May 2024**.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- 2024/2025 budget requirements
- Financial Risk Assessment
- Assets Register
- Payroll Information.
- Transparency Code 2015
- End of Year Procedures are in place.

**Next Steps**

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

Tim Light FMAAT  
Internal auditor

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# LIGHTATOUCH

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

28 May, 2024

**The Parish Clerk  
Boyatt Wood Parish Council  
St Peters Church  
Shakespeare Road  
Eastleigh  
SO50 4FZ**

Dear Marica

**Final Internal Audit Report**

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 2023-24 Annual Governance and Accountability Return (AGAR).

We have complied with the legal requirements and proper practices set out in:

- 'Accountability and Governance for Smaller Authorities – A Practitioners' Guide (England)' 2023
- The Accounts and Audit (England) Regulations 2015 (as amended).

This is the final audit in 2023/2024 to check that the Council adheres to the requirements set out in the Accountability and Governance for Smaller Authorities in England ensuring that compliance with proper practices is maintained.

A visit was carried out to complete and finalise the End of Year Internal Audit 2023/2024 on Friday 24 May 2024.

The Clerk has also provided back-up information for the period March 2024 and End of Year details to support the current governance and financial management position of the Council.

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

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May 28, 2024

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We have already carried out an Interim Internal Audit Review in 2023/2024. We are also using the information already recorded from these visits to complete the internal control objectives on the (AGAR) Internal Audit Report.

Where this is necessary, we will complete the AGAR Internal Audit Report on evidence already seen from the previous reviews. This is acceptable practice for the External Auditor.

As part of this final Internal Audit Review, we checked:

**Bank Reconciliations**

- the Bank Reconciliation at 31 March 2024 was re-performed and no errors were noted.

**Income and Expenditure including VAT reimbursements**

- all income and expenditure items as at 31 March 2024 were confirmed and details are accurate to the records held by Council.

**Parish Council Minutes**

- Minutes of the Council were checked for approvals and decisions made and approval of payments were checked for a period March 2024.

**Asset Register**

- The Asset Register at 31 March 2024 was reviewed and additions for 2023/24 were agreed.

**End of Year Procedures**

- A full check was carried out on the End of Year documentation provided by the Clerk 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 2022/23 and 2023/24 shown on Section 2 of the AGAR 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.
  - The 2023/2024 AGAR Internal Audit Report requires the Internal Auditor to check the Council has correctly provided the proper opportunity for the Exercise of Public Rights in accordance with the requirements of the Accounts and Audit Regulations 2015.
  - This includes the Internal Auditor being shown evidence that the posting of the Notice on the website was done at least one clear day before the 30-working day period begins. ***(Audit Note; We are pleased to report that the Parish Council have displayed the Notice correctly to comply with the requirements of the Accounts and Audit Regulation 2015).***

This report should be circulated for the next meeting of the 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 Council.

Yours sincerely,  
Tim Light FMAAT  
Internal Auditor.