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14 March 2021

The Town Clerk

New Alresford Town Council

Alresford Recreation Centre,

The Avenue,

New Alresford

Hants

SO24 9EP

Dear Marcia

First Interim Internal Audit Report

New Alresford Town Council – April 2020 to January 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 2020-21 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)' 2020
- The Accounts and Audit (England) Regulations 2015 (as amended).

- Bank and cash
- Investments
- Petty Cash
- Income and expenditure
- VAT claims
- Insurance
- Budgets and Reserves
- Payroll
- Covid 19 arrangements
- 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 maintains its financial management records on RBS Omega Software
- The Council staff are aware of the requirements of GDPR
- The Council is registered with the ICO
- Petty Cash is controlled appropriately. Signed vouchers are held in the petty cash tin.
- Details of total payments authorised at meetings are recorded in the Minutes
- All records were up to date and easy to follow
- The Insurance cover is appropriate for the size of the Council
- Income records held by the Deputy Clerk are appropriate and recorded correctly.
- All expenditure items could be traced and are recorded correctly in the financial ledger
- Payroll information is calculated correctly, showing appropriate deductions for PAYE, National Insurance and Pension Contributions
- Bank reconciliations are carried out promptly each month and were accurate
- The Council takes an active scrutiny role
- VAT claims are made regularly
- The Council is compliant with the requirements of the Transparency Code Regulation 2015
- The Website Accessibility Statement has been uploaded to the Council's website.

Recommendations

Bank Reconciliation

- The Deputy Clerk should sign and date the bank reconciliation sheet produced from the RBS Omega software to agree that the details are accurate and confirmed to bank statements. It should then be passed to the Town Clerk to initial as confirmation that the bank reconciliation is accurate.
- the Vice Chairman should sign and date the bank reconciliations quarterly to confirm that bank reconciliations have been carried out accurately as part of Town Council scrutiny role.

(Audit Note: We have noted that the bank statements are currently signed but not dated by the Vice Chair to agree the bank balances on a monthly basis).

Invoice Approval

- Each Invoice input to the RBS Omega software should be initialled by the Deputy 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. *(Audit Note: During the Covid 19 pandemic the payment approval should be confirmed by email from at least one Councillor before the list of invoices to pay are taken to the Town Council for payment ratification).*

Purchase Ledger

- The Town Clerk should agree the list of invoices shown on the Purchase Day Book ready for sending to two Councillors to approve the invoices for payment. *(Audit Note: The Town Clerk should sign and date each page of the Purchase Day Book to indicate that invoice details are appropriate to pay).*

Sales Ledger

- Details of income received should be cross-referenced on to RBS Omega Sales Ledger to ensure that it records the date of payment and that the sales invoice has been cleared. *(Audit Note: The Sales Day Book should be printed off, signed and dated by the Deputy Clerk on each page to record the date and amount of the income received to clear the sales invoices raised).*

Outstanding debts

- The outstanding debts listing from the RBS Omega software should be printed off, signed and dated to each month to confirm the outstanding sales invoices that have not been paid. Further follow up should be taken where appropriate to ensure payment is received. *(Audit Note: A bad debts policy should be considered to formalise the timescale for chasing outstanding debts and decisions to take uncollected sums to the Town Council for writing off the debt).*

Other matters to be brought to the Council's attention

- The Council will need to review its financial risks in 2020/21 and they will need to be approved at a Full Council meeting before 31 March 2021 meeting. *(Audit Note: Since the internal audit visit the risk assessment was approved at the full Town Council meeting on 30 March 2021).*
- We suggest that the financial risk assessment documentation is updated to incorporate Covid 19 requirements to ensure it is relevant for 2020/2021. We also suggest that it is updated to show any potential risks that face the Council during the continuing pandemic when budget planning for 2021/2022. *(Audit Note: Once approved by the Town Council this should be uploaded on to the Town Council website.)*
- We are pleased to report the Council have completed a Covid 19 risk assessment and measures have been put in place to ensure the Parish Office is Covid secure.
- We are pleased to report the Council have maintained its legal obligation to ensure that all Minutes of meetings are signed or initialled where a wet signature is required to be completed on Minutes. *(Audit Note: We understand that this has been done retrospectively when batches of Minutes from previous Meetings have been signed and initialled at the same time. Where possible the Minutes should be signed after each remote meeting has taken place).*
- The information supplied in the letter to Town and Parish Councils from the Chairman of JPAG (sent to the Clerks by email and discussed at the audit review) relating to the Website Accessibility Regulations 2018 will need to be actioned to ensure that Parish Council can comply with the regulations. *(Audit Note: It is recommended that the Accessibility Statement records*

- that scanned pdf documents do not comply with the Accessibility Regulations, but these documents can be provided in an alternative format or on alternative media, on request).*
- The Town Council should consider introducing a Disaster Recovery Plan to ensure that the Council can continue its business in the event of unexpected or tragic circumstances.
 - We are pleased to report that the Clerk is able to provide evidence of the posting date for the Exercise of Public Rights in 2020 so we are able to answer “Yes” to Objective M on the Internal Audit Report (AGAR) for 2020/2021.
 - Consideration should be given to introduce a quarterly/half year sample validity check on the payment process by Councillors. This would enhance the Councillor scrutiny role whereby a “walk through test” can be carried out starting from the approval to spend money from the budget to the receipt of the goods or services and the controls to record and approve the payment of the invoice. Finally confirming that payment details have been correctly debited from the Council bank account. ***(Audit Note: This can become an integral part of the Financial Operating Procedures and Internal Controls adopted by the Town Council).***
 - With the uncertainty of the current Covid 19 pandemic and any potential loss of income to the Town Council, it is our opinion that the Council should have considered the need to raise its budget and Precept for 2021/2022. Decisions made in December 2020/January 2021 will affect the financial health of the Council until March 2022.
 - The Council has considered its budget and Precept setting for 2021/2022 and decisions made in January 2021 will affect the financial health of the Council until March 2022.
 - Change in Winchester City Council tax base for 2021/2022 may also have an effect on the Council’s ability to sustain its current level of service provision as the Precept level was not increased for 2021/2022. Furthermore, the loss of income from pitch hire facilities has also been noted. This could further impact on whether the Council might need to reconsider the facilities it offers if the Reserves could not sustain the financial security of the Council. ***(Audit Note: We have noted that the Council did not increase its Precept for 2021/2022).***
 - As the Precept level was not increased for 2021/2022 this will further impact on whether the Council will need to consider a review of its Reserves position to ensure it can sustain the financial security of the Council. ***(Audit Note: We recommend that the Council should review its Reserves to check if it is viable to sustain projects earmarked for 2021/2022).***
 - The Town Clerk is currently reviewing the Asset Register with a view to reinstate the totals for Box 9 on the Accounting Statements of the AGAR. Once the exercise is completed this will be adjusted accordingly. It is likely that this will not be completed until the 2021/2022 financial year.
 - The requirements for Councillor training in 2020/2021 have not been met in accordance with the Good Councillor Guide. The guidance produced by the Town Clerk indicates that Councillors should attend at least two separate training sessions in each financial year, but it noted that this has not been achieved in 2020/2021. ***(Audit Note: The requirements for Councillors to attend two separate training sessions in each financial year should be undertaken by all Councillors).***

Conclusion

Based on the tests we have carried out at this interim internal audit review; the internal control procedures will need to be strengthened to ensure that the internal control framework is adequate to meet the needs of Alresford Town Council in 2020/2021. We have made recommendations in this report to enhance the control procedures and will test these again at our end of year review arranged for Tuesday 15 June 2021.

Next visit

The next internal audit visit has been arranged for **Tuesday 15 June 2021**.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- Contracts of Employment
- VAT claims
- Asset Register
- Budgets 2021/2020
- End of Year Procedures

Next Steps

This report should be noted and taken to the next meeting of the Town Council.
The Council should decide what action will be taken on the recommendations we have made.

Tim Light FMAAT
Internal auditor

LIGHTATOUCH

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15 June, 2021

The Town Clerk

New Alresford Town Council

Alresford Recreation Centre,

The Avenue,

New Alresford

Hants

SO24 9EP

Dear Marcia

**Final Internal Audit Review:
New Alresford Town Council – covering February 2021 to March 2021 and Year End procedures**

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 2020-21 Accountability and Governance Annual 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)' 2020
- The Accounts and Audit (England) Regulations 2015 (as amended).

This is the final audit in 2020/2021 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.

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

A final visit was carried out to complete and finalise the End of Year Internal Audit 2020/2021 on Tuesday 15 June 2021.

The Town Clerk and Deputy Town Clerk have also provided back-up information for the period October 2021 to March 2021 and End of Year details to support the current governance and financial management position of the Council.

As we have carried out Interim Internal Audit reviews throughout 2020/2021, we are also using the information already recorded from these to support the completion of the internal control objectives on the (AGAR) Annual 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 including Petty Cash

- the Bank Reconciliation at 31 March 2021 was re-performed and no errors were noted.

Income and Expenditure

- all income and expenditure items as at 31 March 2021 were confirmed and details are accurate to the records held by Council.

VAT Reimbursement

- the Executive Officer has submitted a VAT claim to HMRC for the period January 2021 – March 2021 in the sum of £4080.68 which was submitted in April 2021.

Risk Assessment 2020/2021

- the risks of the Town Council were reviewed and approved on 30 March 2021 to ensure that the requirements of the Governance and Accountability for Smaller Authorities in England (March 2020) is met.

Town Council Minutes

- Minutes of the Council were checked on the website for approvals and decisions made and approval of payments was checked for February 2021 and March 2021.

Asset Register

- The Asset Register at 31 March 2021 was reviewed and additions for 2020/21 were agreed.

End of Year Procedures 2020/2021

A full check was carried out on the End of Year documentation provided by the Town Clerk and Deputy Town 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 2019/20 and 2020/2021 shown on Section 2 of the AGAR as required by the External Auditor.

The 2020/2021 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 during 2020/2021.

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 Regulations 2015).

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 Council provide an appropriate standard of control.

This report should be noted and taken to 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.