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The Parish Clerk

Central Swindon South Parish Council

Broadgreen Community Centre,

Salisbury Street,

Swindon

SN1 2AN

15 February 2019

Interim Internal Audit Report

Central Swindon South Parish Council – October to December 2018

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 are bound by the ethical guidelines of the Association of Accounting Technicians and the Institute of Chartered Accountants of England and Wales. 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 Internal Auditor’s Report on the 2018-19 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)’ 2018
- The Accounts and Audit (England) Regulations 2015 (as amended).

This is the second interim audit visit for 2018-19 to check that the Parish Council adheres to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained for the year ended 31 March 2019.

A series of independent audit tests was undertaken using the various financial records, vouchers, documents, Minutes, previous audit reports to ascertain the efficiency and effectiveness of the Council’s internal controls.



8 February 2019

Internal audit checks

During this visit we checked the following:

- Accounting software
- Minutes of Council Meetings
- Bank and cash and investments
- VAT
- Income and expenditure
- Payroll checks on deductions
- Risk assessment
- Budget and reserves 2019-20

Findings

Accounting software

The Council currently uses Sage Accounting Software.

The financial year 2019-20 will see significant assets such as play areas, formal parks, open spaces and the Community Centre being transferred to the Council under long term leases.

We discussed with the RFO the adequacy of the software going forward, giving consideration to expected increases in the complexity and volume of the Council's levels of activity.

Recommendation:

- ***The Council considers whether the current accounting package is appropriate and whether a bespoke package, specifically designed for the local council sector would be more suitable.***

Minutes of meetings

The Minutes of Parish Council meetings and Finance and Staffing Committee meetings for October to December 2018 were reviewed. All Minutes had been formally adopted at the following meeting.

Bank and cash and investments

The Parish Council holds £459,626.37 in its Barclays Bank current account, £2,204,006.78 in its Barclays Business Premium account and £322,041.54 with the Nationwide Building Society at 31 December 2018.

The financial totals as at 31 December 2018 were confirmed and are accurately shown in the Cash Book.

A sample of BACS, direct debits, standing orders, transfers and bank paying in slips were checked and accounted for in the period 1 October 2018 to 31 December 2018.

A sample of petty cash vouchers were checked and agreed and the petty cash total of £200 at 30 November 2018 was confirmed as accurate. No reconciliation has yet been carried out for December.

Recommendations:

- ***We continue to recommend that the bank reconciliations are signed each month by the RFO and Chairman of the Finance Committee***

8 February 2019

- ***The Council has an investment strategy that was adopted in May 2018. We continue to recommend that the Parish Council continues to review and update its investment strategy to ensure that it maximises its return on investments.***

VAT

The VAT reclaim of £114,856.33 for the period 1 July to 30 September was agreed as being received into the bank in December 2018.

The VAT reclaim for the period 1 October 201 to 31 December 2018 of £56,971.95 submitted on 31 January 2019 remained outstanding at the time of our visit.

A sample check to invoices of the VAT element of the reclaim for the period 1 October 201 to 31 December 2018 was made and no errors were noted.

Income and expenditure

A test check on income and expenditure for the period 1 October 2018 to 31 December 2018 was carried out to ensure details are accurate to the records held by Parish Council.

It was not possible to trace the allotment invoice income to the bank statements as the allotment master spreadsheet notes that payments have been made and the method of payment but does not state the amount or date of the payment.

Recommendation:

- ***The allotment master spreadsheet notes the date and amount of payment in addition to the method of payment.***

Payroll

A test check on the payroll information was made to ensure that PAYE, NI and pension deductions were being properly paid over.

The Council's risk assessments

The Council's risk assessment was adopted at the Full Council meeting on 13 November 2018.

Budget and reserves 2019-20

The Council approved the budget and precept at the meeting on 18 December 2018. The budget for 2019-20 is a revenue budget only. The continuing level of uncertainty over which assets will be transferred to the Council from Swindon Borough Council and the timing of the transfers has made it difficult to earmark reserves with any degree of accuracy.

Recommendation:

- ***The Council considers the projects for which reserves should be earmarked and includes this as part of the budget setting process for 2020-21.***

8 February 2019

Next visit

The next internal audit visit has been arranged for Friday 3 May 2019.

At the next visit detailed checks will be carried out on:

- Action taken on previous recommendations
- Year end checks

Audit Opinion

It is our opinion that the various records and procedures in place for the Parish Council provide an adequate standard of control. Minor queries were resolved during the course of the audit.

Next steps

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 Report should also be minuted by the Parish Council.

We would like to thank Joyce Holman for all her help and assistance over the past eighteen months and we wish her all the best for her retirement.

Tim Light FMAAT and Bridget Bowen FCA

Internal auditors