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# LIGHTATOUCH

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05 December 2024

**The Parish Clerk**

**Liss Parish Council**

**The Council Room**

**Liss Village Hall**

**Hill Brow Road**

**Liss**

**GU33 7LA**

Dear Sarah

**First Interim Internal Audit Report  
Liss Parish Council – April 2024 – September 2024**

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 2024-2025 Annual Governance and Accountability Annual 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)’ 2024
- The Accounts and Audit (England) Regulations 2015 (as amended).

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### **Background**

Liss Parish Council had income and expenditure in 2023-2024 of between £400,000 and £500,000 and is subject to review by the External Auditor, BDO. The conclusion of audit notice was issued on 15 September 2024 which reported one “other matter” which stated:

***To be in line with best practice we recommend that when minuting the appointment of the internal auditor, the council record they have considered the independence of the appointed auditor on an annual basis.***

***(Audit Note: This issue will be resolved before the submission of the Annual Governance and Accountability Return 2024-2025.***

The Council is 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 Omega.

The overview of the transactions recorded in this review included the:

- Parish Council Main and Deposit Accounts
- Charity Accounts Current and Deposit Account

The first interim internal audit visit was agreed with the Parish Clerk and Responsible Finance Officer (RFO) to be carried out on Thursday 05 December 2024 at the Council Offices.

The RFO provided back-up information from RBS Omega Software in advance of the visit for the period April 2024 to September 2024 to support the current governance and financial management position of the Council.

This visit continues to check the internal control systems from the internal audit work completed in 2023-2024 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.

The Parish Clerk confirmed that consideration will be given to review Financial Regulation in light of the new NALC model financial regulations template produced in May 2024 although this will be done at an appropriate time as we agreed the current financial regulations continue to be fit for purpose for the Parish Council.

We are pleased that the financial health of Parish Council is being checked to consider both its current reserves and cash holding position whilst preparing the budget for 2025-2026.

This includes careful consideration that the Chancellor has increased the Employers NI rate from 13.8% to 15% from April 2025. The Council should note this includes a reduction in the per employer threshold at which employers pay national insurance to £5000.

***(Audit Note: The RFO has calculated the effect of the increase and has made adjustments in the salary budget for 2025-2026).***

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**(Audit Note: We note that the Finance Committee are recommending a budget and precept increase of 2.2% for 2025-2026 be approved by the Parish Council at their meeting to be held on 16 December 2024).**

### **Internal audit checks**

We have undertaken a series of audit tests on those records available for this review including Council 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
- Insurance
- Budgetary Control
- VAT claims
- 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 Rialtas Omega Software
- The staff are 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.
- The budgeting process continued to be monitored.
- Bank reconciliations are carried out promptly each month.
- The Council takes an active scrutiny role.
- All income received could be traced to the financial ledger.
- VAT claims are completed on a regular basis.
- 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.
- Minutes are signed by the Chairman as evidence of decisions taken by the Council.

## Recommendations

### Bank Reconciliations

- The RFO should sign and date each bank reconciliation produced from the RBS Omega software on a monthly basis to confirm that the reconciliations agree with the balances recorded on the bank statements for each bank account held by the Parish Council.
- the Chairman of the Finance Committee should sign and date the bank reconciliations on a quarterly basis to confirm that bank reconciliations have been carried out accurately as part of Parish Council scrutiny role.

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

- The RFO will need to continue to update the Asset Register to record the value of new purchases. This will ensure that the totals reflected in the End of Year figures for Box 9 on Section 2 Accounting Statements are accurate for reporting to the External Auditor. The Asset Register should be reviewed and approved by the full Parish Council before the 31 March 2025.
- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2024 and will be able to tick "Yes" to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2024-2025 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 2024-2025.
- We note that the risk assessment for 2024-2025 will need to be approved by the full Parish Council by the 31 March 2025. Once completed we will be satisfied that the Council can tick "Yes" to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2024-2025 to comply with the requirements for the External Auditor. We will then tick "Yes" to Control Objective C on the Annual Internal Audit Report 2024-2025.
- The Parish Council will need to ensure its website provider is aware for the changes to adhere to the requirements set out in the website accessibility rules. The Parish Council website should now meet the new WCAG 2.2 AA standard for website accessibility. ***(Audit Note: Details of the requirements have been sent to the Parish Clerk who will confirm this with the website provider).***
- The External Auditor has indicated as part of their intermediate audit review for 2023-2024 that it is best practice that an Authority's should review and approve the following in each financial year:
  - the appointment or continuing appointment of the Internal Auditor.
  - that the Internal Auditor is independent of the Council.
  - the effectiveness of the Internal Audit.

***(Audit Note: We recommend that to continue to meet these best practice requirements the Parish Council should consider approving and recording these details in the Minutes of the full Parish Council in each financial year).***

### We also remind the Parish Council that:

- using the Income and Expenditure method of recording any CiL or S106 monies not used in the financial year should be recorded in Earmarked Reserves.
- the Insurance renewal details should be reviewed and recorded in your minutes of the Council or Committee in each financial year, even if you are locked in a three-year agreement.

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**Next visit**

The next internal audit review has been arranged for **Thursday 13 March 2025**.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Payroll
- Income and expenditure
- VAT claims
- Asset Register
- Budgets for 2025-2026
- Transparency of website.

**Next Steps**

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

The Parish Council should decide what action will be taken on the recommendations we have made.

Tim Light FMAAT  
Internal auditor