

# LIGHTATOUGH

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10 March 2023

The Parish Clerk

Fawley Parish Council

Gang Warily Recreation Centre

Newlands Road

Fawley

Southampton

Hampshire SO45 1GA

Dear Steph

**Second Interim Internal Audit Review:  
Fawley Parish Council – covering October 2022 to February 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 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 2022-23 Annual Governance and Accountability Return (AGAR).

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

- 'Accountability and Governance for Local Councils – A Practitioners' Guide (England)' 2022
- The Accounts and Audit (England) Regulations 2015 (as amended).

This is the second interim audit review in 2022/2023 to check the requirements set out in the Accountability and Governance for Smaller Authorities in England is adhered to by the Council ensuring compliance with proper practices is maintained.

## Background

Fawley Parish Council had income and expenditure in 2021/2022 of between £900,000 and £1,000,000 and was subject to review by the External Auditor, PKF Littlejohn in 2021/2022.

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 Omega Software

The Parish Clerk continues to embed proper practice in the internal control systems at the Parish Council.

We have noted that Council will be using a different financial software from 1 April 2023 with the installation of AdvantEdge. This will provide better adaptability to ensure financial management information can be manipulated to provide better financial reporting.

We have noted the efficiencies from the change in cash and cheque reconciliation process for the Recreation Centre. On a weekly basis cash or cheques are reconciled in the cash bags to the amounts on both the labels and the daily takings sheets to ensure they all match. A report is run from the till for that period to confirm that the raw data matches what has been entered by the duty staff. If there are any errors, then a print of the daily takings sheet is attached to the previous version which is then deleted. The final version of all daily takings sheets is signed by the Centre Manager and held on file. These can then be matched to the details shown on the bank statements for the Parish Council.

We have discussed with the Parish Clerk the positive approach taken by all staff to work more efficiently and have confirmed that there is currently no long-term sickness of staff.

Other significant improvements that have been introduced since the last internal audit review include:

- A new staffing structure model of the Parish Council
- Endorsement to adopt the Civility and Respect pledge.
- The introduction of the new Parish Council website.

It is our opinion the Parish Council has now moved sufficiently forward that they should consider whether it is now appropriate to consider submitting an application for the NALC Council Awards. This would also complement the decision by the Parish Council to start planning for a Neighbourhood Plan in 2023/2024.

We note that the Parish Council have considered and approved the creation of the new Charitable Trust, to develop and deliver community projects focussed on improved wellbeing within the Parish This work is ongoing and will be set up as soon as possible.

We have further noted that the Parish Council have deferred the need for a formal Parish Council strategy which set targets and provide vision in a strategic plan covering the next 5 years until after the new Council is established following the Council elections in May 2023.

We are aware of the current issues that the Parish Council are facing with the lease arrangements for Blackfield and Langley Football Club. We are pleased that the Parish Clerk is keeping the Parish Council up to date with the situation and that, if required, a contingency plan

will be actioned to ensure the security and integrity of Blackfield and Langley Football Club remains intact.

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

### **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 the visit.

During this interim visit we test checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash
- Investments
- Income and Expenditure
- VAT claims
- Insurance
- Budgets and Reserves
- Payroll
- 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 Sports Booker system is used to record bookings for the Recreation Centre
- A Stripe system is used to record on-line receipts for Recreation Centre bookings.
- The Clerk is 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 expenditure items could be traced and are recorded in the financial ledger.
- The budgeting process is detailed and monitored throughout the year.
- Deductions for PAYE, National Insurance are paid to HMRC each month.
- Deductions for Pension Contributions are paid to Hampshire Pension Fund each month.
- Bank reconciliations are carried out each month.
- Procedure set out in Financial Regulations are followed when tendering or obtaining quotations from Contractors and Suppliers
- Cash and income are recorded and could be traced to the bank account.
- The Council takes an active scrutiny role.
- A debt management system is in place to chase outstanding income due to the Council.
- VAT claims are made regularly.

- The Council remain compliant with the requirements of the Transparency Code 2015

### **Recommendations**

- There are no formal recommendations made from the second interim internal audit review.

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

- We note that the risk assessment 2022/2023 documentation had been approved by full Council in July 2022. *(Audit Note: We discussed with the Parish Clerk the documentation at our last internal audit visit and note the Parish Clerk is producing more comprehensive and fit for purpose details using the Risk Management wizard).* However, we are satisfied that the Council can tick "Yes" to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2022/2023 to comply with the requirements for the External Auditor. We will also tick "Yes" to Control Objective C on the Annual Internal Audit Report 2022/2023. The 2022/2023 risk assessment should now be uploaded on to the Council website for information.
- We have also given an update to the Parish Clerk on a legal challenge made for VAT to be applied to the hire of Sports Pitches. A briefing note has recently been issued and this has been now been action by the Parish Clerk/Finance Manager which will ensure correct charges are applied for the hire of Sports pitches in future. It will also lead to significant refunds to be returned to Hirers where VAT charges were applied as HMRC have revoked their decision to charge VAT on Sports Pitches and this will now be Nil rated. VAT reimbursement claims will be submitted to HMRC for refunds that are due.

### **Conclusion**

Based on the tests we have carried out at this interim internal audit visit, in our view, the internal control procedures in operation are adequate to meet the needs of Fawley Parish Council.

### **Next visit**

The next internal audit visit has been arranged for **Wednesday 5 April 2023**.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- Risk Management
- VAT claims
- Asset Register
- Budgets for 2023/2024.
- Transparency of website

### **Next Steps**

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

Tim Light FMAAT  
Internal auditor