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20 November, 2023

The Parish Clerk

Bembridge Parish Council

5 Foreland Road

Bembridge

Isle of Wight

PO35 5XN

Dear Julia

Interim Internal Audit Report

Bembridge Parish Council – April 2023 to December 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 2023-24 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)' 2023
- The Accounts and Audit (England) Regulations 2015 (as amended).

Bembridge Parish Council has income and expenditure of between £200,000 and £300,000 and is subject to review by the External Auditor, BDO. We are pleased to report that the Council had a clean annual report from the External Auditor for 2022-23.

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

The first interim internal audit review was agreed with the Responsible Finance Officer to be carried out on Wednesday 15 November 2023. Due to adverse weather conditions that have affected the Island recently it was agreed that the review would be carried out remotely and further follow up was arranged to hold a close of audit Zoom meeting on Friday 17 November 2023. It was confirmed that a face-to-face visit has been arranged for the end of year 2023/2024 internal audit review on Wednesday 12 June 2024.

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

We discussed with both the Responsible Finance Officer the internal control systems operating in practice to ensure that these remain sound and fit for purpose. We also discussed the end of year requirements to ensure the Parish Council comply with the Accounts and Audit Regulations 2015 on the submission of the Annual Governance and Accountability Return to the External Auditor.

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 review.

- 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 books and records on Scribe software.
- The Council 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 records were up to date and easy to follow.
- The budgeting process is detailed and monitored.
- Bank reconciliations are carried out promptly each month and were accurate.
- The Parish Council takes an active scrutiny role.
- VAT claims are appropriate and made regularly.
- Payroll information is calculated correctly, showing appropriate deductions for PAYE, National Insurance and Pension Contributions
- Income was traced and correctly recorded and accounted for in the financial ledger.

Recommendations

Reserves and Budget 2024/2025

- The Responsible Finance Officer should plan to hold general reserve at an estimated five months' worth of current expenditure.
- The current budgetary requirements being analysed by the Responsible Finance Officer should consider the needs of the Council for 2024/2025. This should include the consideration of setting out clearly projects that have been approved and their costs recorded as Earmarked Reserves.
- The budget setting for 2024/2025 should consider the potential for increased contractor and supplier costs and staff pay award for 2023/2024. ***(Audit Note: The Parish Council should consider the percentage increases for these cost centres in the overall draft budget for 2024/2025 that will be required).***

Other matters to be brought to the Council's attention

- 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 2022/2023.
- We discussed with the Responsible Finance Officer the financial risk assessment for 2023/2024. The details should be updated to reflect the new processes and procedures in place since for Reserves and Budgetary requirements for 2024/2025 and where there is high risk identified these should be reviewed to check if action can be taken so the risks are reduced.

- We note that the risk assessment for 2023/2024 has been approved by full Council by 17/05/2023 but we recommend that this should be updated with the details of the Reserves review and represented to the full Parish Council for approval before the 31 March 2024.
- When completed we will be satisfied that 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.
- The Responsible Finance Officer will need to ensure that the Asset Register is kept up to date 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 2024.
- To ensure compliance with the Transparency Code Regulation 2015 the list of payment made to suppliers and contractors should be displayed on the Council website for 2022/2023 and the first half year of the financial year 2023/2024.

Conclusion

Based on the tests we have carried out at this interim internal audit review the internal control procedures are sufficient to provide an adequate internal control framework for Bembridge Parish Council in 2023/2024 except where we have made recommendations in this report.

Next visit

The next internal audit review has been arranged for **Wednesday 12 June 2024**.

Checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Risk Assessments
- Payroll
- Income and expenditure
- VAT claims
- Transparency Code Regulation 2015
- Preparation for the End of Year Procedures

Next Steps

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

They should decide what action will be taken on the recommendations we have made.

Tim Light FMAAT
Internal auditor