

- the financial totals as at 1 April 2015 had been brought forward accurately.
- all un-presented cheques and un-banked income at 31 March 2015 were checked to bank statements to verify these were banked in April 2015.
- all direct debits, standing orders, transfers were checked and accounted for the period 1 April 2015 to 30 September 2015.
- all bank paying in slips were banked and agreed to bank statements for the period 1 April 2015 – 30 September 2015.
- bank reconciliations for all bank accounts had been carried out between 1 April 2015 to 30 September 2015, and totals agreed to those shown in the appropriate cash books.

Petty Cash

- the Petty Cash totals for the Office were agreed to the cash in hand as at 30 September 2015.
- a series of tests to agree the reimbursements from the Petty Cash between 1 April 2015 -30 September 2015 were undertaken.
- a series of petty cash vouchers were checked and agreed and reconciled up to 30 September 2015.

Investments

- the level of Investments shown on the High Interest Account (Temp Loan No L5386) held with Eastleigh Borough Council was reconciled to information shown on the Eastleigh Borough Council letter dated 8 October 2015, and confirmed as the correct total as at 30 September 2015.

Income and Expenditure

- all un-presented cheques and un-banked income information at as 30 September 2015 were confirmed that the details are accurate to the records held by Parish Council.
- test check Cash Books 1 and 2 and the Purchase Day and Sales Day book totals for April – September 2015 were checked to Quarter 1 and 2 VAT reimbursement claim forms for accuracy of VAT elements
- Check sample of payment vouchers to Cash Book 1 for the period April 2015– September 2015
- Income recorded on the Daily Taking Sheets were checked for the Pay and Display Car Park to Cash Book 1 for the period April 2015 – September 2015
- Parking Permits (Clocks) were agreed from the receipt books to the Clock Report held by the Parish Council for the period April 2015 –September 2015.

VAT

- the totals of VAT shown on the Claims Forms for payment up to the 30 June 2015 and for the 30 September 2015 had been treated correctly and the correct sums paid to HMRC are shown in the bank account.

Minutes of the Parish Council

- A test checked was carried out to record the financial decisions and approvals for items in the Parish Council Minutes for the period April 2015 to September 2015.

We are pleased to report that the Parish Clerk continues to provide a quality service to the Parish Council as all the various records and procedures in place that provide for a good standard of control. There is a sufficient cross referencing of details to ensure that all transactions could be traced and identified in the financial ledger of the Parish Council.

However in discussion with the Parish Clerk there are now some immediate issues that should be brought to the attention of the Parish Council to ensure that the Parish Clerk receives the required support which will ensure that a transitional period of change does not affect the good standards of control or performance at the Parish Council.

Staff changes

- The Parish Clerk is currently advertising for a deputy clerk/ administrator post as both existing office staff has handed in their notice to terminate their employment with the Parish Council. These resignations are both due to personal circumstances and it should be noted have no bearing on the roles or relationships with staff at the Parish Council.
- It is noted that their termination dates will reduce the office capabilities from the end of November 2015, as one of the existing staff will be leaving at this point and the other as at the end of December 2015.
- It is unlikely that the appointment of the new deputy clerk/administrator will provide continuity for ensuring office coverage to support the Parish Clerk.
- **We recommended that the Parish Council should consider the impact that this might have for providing a continuing service until the new appointment is in post.**

Banking Arrangements

- The imminent closure of the Barclays Bank (Hamble) in November 2015 will also have an immediate impact on the daily routines of the Parish Council. The current banking arrangements for the Parish Council are with Barclays where regular banking's are made more than once a week. This facility has been particularly important over the years to bank cash sums taken from the Car Parking on the foreshore.
- The Parish Clerk has been undertaking due diligence checks with other banking options and although there is a possibility of using Unity Bank in future there are restriction on the amount of cash that can be deposited using the Post Office facility to bank cash amounts as this is limited to £500 cash taking in anyone banking.
- The Parish Clerk continues to explore these possibilities but there is now a further complication if the banking has to be done elsewhere outside the Hamble village. It is likely that in the immediate future the office will need to be closed during the time when banking's are made as there will be no administrative support left in the office if the Parish Clerk has to undertake the bankings himself. However, our audit opinion is that no banking's should be done alone , particularly where large cash sums are involved.
- **We recommended that the Parish Council must consider what arrangements will need to be introduced for the Parish Office cover and to ensure that 2 people are able to undertake the banking process.**

Car Park Ticket Machine

- Our internal audit testing showed that the Car Parking Ticket Machine income shows regular discrepancies from the summary ticket counter taken from the machine each day. Our analysis shows that the ticket machine indicator of sales only agrees with the cash taken from the machine on 16 occasions during the seven month period April 2015 to October 2015.
- We are confident however from our internal audit testing that the cash income collected from the ticket machine represents the correct totals. These have then been checked to the banking summary sheets for confirmation that the totals banked are correct in to the bank account.

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- It is also noted that the Parish Clerk has called a technician from the maintenance company on more than one occasion to fix any malfunction but there seems to be a continued fault with the coinage dropping through to the collection box.
- Over the period of seven month from April to October 2015 a shortfall of cash to the ticket machine counter totals £49.60.
- **We recommended that the Parish Council should consider a replacement ticket machine to avoid these discrepancies in the future.**

This letter 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 Letter should be also be minuted by the Parish Council.

Yours sincerely,

Tim Light FMAAT and Paul Reynolds FMAAT
Internal Auditors