



Mr D Wheal  
Bishopstoke Parish Council  
PO Box 716  
Eastleigh  
Hampshire  
SO50 0RQ

13 January 2025

Dear David

**Re: Bishopstoke Parish Council**  
**Internal Audit for Financial Year Ended 31 March 2025 – Interim Audit report**

**Executive summary**

Following completion of our interim internal audit on 13 January 2025 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published Annual Governance and Accountability Return (AGAR). The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of which is available on request. The report concludes with an opinion as to whether each assertion has been met or not at this point in the year. Some assertions are tested only at the final internal audit, and this is reflected where appropriate in the report.

**Recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Bishopstoke Parish Council are well established and followed.

**Regulation**

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority's approval of the annual governance statement.

### **Independence and competence**

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 34 years' experience in the financial sector with the last 14 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

### **Engagement Letter**

An engagement letter was previously issued to the council covering the 2024/25 internal audit assignment. Copies of this document are available on request.

### **Planning and inherent risk assessment**

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

### **Table of contents**

		<b>PAGE</b>
A	<b>BOOKS OF ACCOUNT</b>	3
B	<b>FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS</b>	3
C	<b>RISK MANAGEMENT AND INSURANCE</b>	5
D	<b>BUDGET, PRECEPT AND RESERVES</b>	6
E	<b>INCOME</b>	7
F	<b>PETTY CASH</b>	7
G	<b>PAYROLL</b>	7
H	<b>ASSETS AND INVESTMENTS</b>	8
I	<b>BANK AND CASH</b>	8
J	<b>YEAR END ACCOUNTS</b>	8
K	<b>LIMITED ASSURANCE REVIEW</b>	8
L	<b>PUBLICATION OF INFORMATION</b>	8
M	<b>EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS</b>	9
N	<b>PUBLICATION REQUIREMENTS</b>	9
O	<b>TRUSTEESHIP</b>	9
	<b>ACHIEVEMENT OF CONTROL ASSERTIONS</b>	10
	<b>AUDIT POINTS CARRIED FORWARD</b>	10

## A. BOOKS OF ACCOUNT

### Internal audit requirement

*Appropriate accounting records have been properly kept throughout the financial year.*

### Audit findings

The audit was conducted on site with the Clerk, who also acts as the council's Responsible Financial Officer (RFO). The Clerk had prepared the information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Clerk and a review of the council website [www.bishopstokepc.org](http://www.bishopstokepc.org)

The council uses the AdvantEDGE accounting package for recording the council's finances. The accounting package is updated regularly and used to produce management information reports for review at council meetings.

## B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

### Internal audit requirement

*This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.*

### Audit findings

*Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit*

The External Auditor's Report for 2023/24 was not qualified and has been published on the council website along with the completed Notice of Conclusion of Audit form.

The conclusion of the audit was reported to the council at the meeting held on 10 September 2024 (minute ref 31).

*Confirm by sample testing that councillors sign statutory office forms*

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website includes a councillor page where the individual Register of Members' Interests forms are published.

*Confirm that the council is compliant with the relevant transparency code*

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so.

*Confirm that the council is compliant with GDPR*

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2024) contains updated guidance on the matter as below:

### The importance of using .gov.uk domains for websites and emails

5.210. All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name. Note that Parish meetings are exempt from the requirement to have a website.

5.211. To assist with compliance with the General Data Protection Regulations (GDPR), it is advised that clerks provide official .gov.uk email accounts to their councillors, which must only be used for official council business.

5.212. When choosing a domain name all councils must follow the rules set out by the Cabinet Office to choose a .gov.uk domain name, for example, 'ourparishcouncil.gov.uk' with email addresses linked to that domain.

5.213. *Using a .gov.uk domain for your council website and email accounts gives Parish Councils the following advantages:*

5.214. *Increased professionalism and trust from members of your community, partners and suppliers because your email address and website domains are a trusted government brand.*

5.215. *Separation of your personal life from your professional life, ensuring members of your community, partners and suppliers understand what capacity you are emailing them in - whether a Councillor or Clerk.*

5.216. *Increased control for the Responsible Officer over email accounts and documentation when managing new joiners, leavers, sudden absences or Freedom of Information and Subject Access Requests.*

The council has a Privacy Notice and Accessibility Statement on the council website, and it is clear the council has made every effort to comply with the website requirements.

*Confirm that the council meets regularly throughout the year*

In addition to full council, the council has a committee structure in place. Terms of reference for each committee are published on the council website.

A diary of future meeting dates is published on the council website, along with historic agendas and minutes for council and committee meetings.

*Check that agendas for meetings are published giving 3 clear days' notice*

I was able to confirm that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

I note the council publishes a document pack on the website alongside the agendas, which includes the non-confidential supporting papers for the meeting as required by the Information Commissioner's Office.

*Check the draft minutes of the last meeting(s) are on the council's website*

Minutes are routinely uploaded to the council website.

*Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months*

The Standing Orders are based on the NALC model and were most recently reviewed and adopted by council on 10 September 2024 (minute ref 33.2).

*Confirm that the Parish Council has adopted and recently reviewed Financial Regulations*

Financial Regulations are based on the previous NALC model and were last reviewed and adopted by council on 12 March 2024 (minute ref 70.4). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council. The Clerk is aware of the new NALC model published in May 2024 and are currently under review with a view to adopting in February 2025.

*Check that the council's Financial Regulations are being routinely followed*

The council has thresholds in place at which authorisations to spend must be obtained as below:

**FR 4.1**      *No expenditure may be incurred that will exceed the amount provided in the revenue budget plus £500 for that class of expenditure except that during the budget year, and with the approval of either the Finance Committee or Council having considered fully the implications for public services, unspent budget headings and available sums from reserves may be vired to other budget headings or to an earmarked reserve, as appropriate.*

- FR 4.2** *The RFO will inform the Finance Committee or Council when a budget heading is nearing its limit and likely to breach it before the end of the financial year. The RFO shall provide the Finance Committee with a statement of payments and receipts to date under each budget head, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements will normally be prepared monthly but must be prepared at least at the end of each financial quarter.*
- FR 4.3** *The Clerk, or in their absence the Acting Clerk, may incur expenditure on behalf of the Council that is necessary to carry out any repair, replacement or other work that is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £5,000, or £10,000 in consultation with the Chair, per emergency. The Clerk shall report the action to the Council as soon as practicable thereafter.*

Based on the level of financial activity of the council, and through discussion with the Clerk, these authorisation thresholds appear appropriate, and a review of council minutes shows that council authorises payments in accordance with the adopted Financial Regulations.

*Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £10.81 per elector*

The council has adopted the General Power of Competence (GPC) and the Section 137 threshold does not apply.

*Check receipt of VAT refund matches last submitted VAT return*

The council normally submits its VAT return on a quarterly basis, although due to staffing changes the last submitted return was completed in April 2024. I reviewed the submission for the period ending 31 March 2024 which showed a refund amount due of £7,854.42 and was fully supported by the required details. I was able to verify the receipt of the refund amount to the council's bank account on 12 April 2024.

*Confirm that checks of the accounts are made by a councillor*

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

## **C. RISK MANAGEMENT AND INSURANCE**

### **Internal audit requirement**

*This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*

### **Audit findings**

The council has a Financial Risk Assessment in place which was most recently reviewed and approved by council at the meeting held in November 2024 and is published on the council website.

I reviewed the financial risk assessment in detail, which assesses risks by category, provides a description of the specific risk, assesses the risk of occurrence and impact, and details the internal controls in place to mitigate the risks.

This is a thorough approach and includes analysis of all risks typically associated with a council of this size with its range of services and facilities.

I confirmed that the council has a valid insurance policy in place with Aviva Insurance through Clear Councils which covers the year under review. The policy includes Public Liability and Employers Liability cover of £10 million each and a Fidelity Guarantee level of £500,000 which is sufficient for a council of this size, although the council is advised to keep this figure under review to ensure it covers the maximum balance held at any point during the year.

## D. BUDGET, PRECEPT AND RESERVES

### Internal audit requirement

*The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*

### Audit findings

The council set a precept of £384,728 for 2024/25. With a tax base of 3,556.7, this equates to a band D equivalent of £108.17 (compared to the average in England of £85.89).

The Clerk confirmed that the 2025/26 budget setting process is underway, and I was able to view a draft budget at the interim audit. This is initially drafted by the Clerk, then reviewed by the Finance Committee, with requests for any additional project spending. Any changes are then included in a revised draft which go back to the Finance Committee for review prior to all councillors being invited to comment. This will go to the council meeting for approval at the meeting to be held in January 2025.

The Clerk produces a report outlining budget performance at Finance Committee meetings which are held every two months, with the minutes being approved at council meetings and all councillors have access to the document packs for all meetings where the financial information is contained.

At the date of the interim audit, the council held circa £83,000 in earmarked reserves, spread across a range of clearly identifiable projects. I checked the purpose of these earmarked reserves with the Clerk and am satisfied they are all for legitimate future planned projects of the council.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

*5.33. The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.*

*5.34. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.*

*5.35. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.*

*5.36. In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

*5.37. Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.*

I note the council has an adopted Reserves Policy, which is published on the council website, and includes an objective relating to the general reserve balance which states 'Bishopstoke Parish Council will aim for general reserves between 25% and 40% of the precept and will at all times maintain general reserves of at least 15% of the precept.'

A review of the general reserve balance will be conducted as part of the year-end internal audit, and the council is recommended to follow the JPAG guidance in determining an appropriate level.

## E. INCOME

### **Internal audit requirement**

*Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*

### **Audit findings**

Apart from the precept, the council generates income from the burial ground and allotment rents.

Financial Regulation 9.2 states *'of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.'*

Financial Regulation 9.3 states *'The Council will review all fees and charges annually, following a report by the RFO.'*

Burial and allotment fees are published on the council website and are reviewed annually (burial fees 12 November 2024 and allotments fees July 2024).

I reviewed a sample of invoices issued for the burial ground and was able to confirm charged amounts matching the published prices on the council website.

## F. PETTY CASH

### **Internal audit requirement**

*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.*

### **Audit findings**

The council has no petty cash and the testing for this internal control objective does not apply.

## G. PAYROLL

### **Internal audit requirement**

*Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.*

### **Audit findings**

The council has four employees, all of whom have signed contracts of employment based on the NALC template. Staff members are paid in accordance with the NJC salary scale, with the NJC back-dated pay rise included in the November salary payments.

Payroll is processed in house using the HMRC PAYE Online tools. I reviewed the payroll summaries and payslips for the last two months and was able to confirm salary deductions amounts for tax and national insurance and pension contributions appear to be calculated correctly.

I was able to confirm HMRC and pensions payments are up to date and that the council is correctly not claiming the employment allowance for national insurance contributions.

There are currently no councillor allowances paid, although this is under consideration by the council. The Clerk is aware of the eligibility criteria and method for correctly paying the allowances if the council decide to adopt the scheme.

## H. ASSETS AND INVESTMENTS

### **Internal audit requirement**

*Asset and investments registers were complete and accurate and properly maintained.*

### **Audit findings**

The council has a fixed asset register in place, which includes a description of each asset, date of acquisition, original purchase cost, current insurance value and details of any new additions or disposals. This is an appropriate method of recording assets for a council of this size.

Assets are correctly listed at original net cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register. The council correctly does not apply principles of appreciation or depreciation.

A check of the register will be completed at the year-end, and sample testing of the invoices for any new items will be conducted to evidence the correct valuation methods have been used.

The council has no borrowing nor long-term investments.

## I. BANK AND CASH

### **Internal audit requirement**

*Periodic and year-end bank account reconciliations were properly carried out.*

### **Audit findings**

Testing to be conducted at final internal audit.

## J. YEAR END ACCOUNTS

### **Internal audit requirement**

*Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.*

### **Audit findings**

Testing to be conducted at final internal audit.

## K. LIMITED ASSURANCE REVIEW

### **Internal audit requirement**

*IF the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick “not covered”)*

### **Audit findings**

The council did not certify itself exempt in 2023/24 due to exceeding the income and expenditure limits and this test does not apply.

## L: PUBLICATION OF INFORMATION

### **Internal audit requirement**

*The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation*

### **Audit findings**

Testing to be conducted at final internal audit.

**M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS****Internal audit requirement**

*The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.*

**Audit findings**

Inspection – key dates	2023/24 Actual
Date AGAR signed by council	30 April 2024
Date inspection notice issued	1 May 2024
Inspection period begins	3 June 2024
Inspection period ends	12 July 2024
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2023/24, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

**N: PUBLICATION REQUIREMENTS****Internal audit requirement**

*The authority has complied with the publication requirements for 2023/24. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.*

*Before 1 July 2024 authorities must publish:*

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited
- Section 1 - Annual Governance Statement 2023/24, approved and signed, page 4
- Section 2 - Accounting Statements 2023/24, approved and signed, page 5

*Not later than 30 September 2024 authorities must publish:*

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

*It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.*

**Audit findings**

Testing to be conducted at final internal audit.

**O. TRUSTEESHIP****Internal audit requirement**

*Trust funds (including charitable) – The council met its responsibilities as a trustee.*

**Audit findings**

The council is the trustee of Bishopstoke Memorial Hall (charity number 301744). A review of the Charity Commission website shows that the council is correctly listed as the sole trustee and all reporting is up to date. The council is reminded that an annual meeting of the trustees must be held.

As the turnover of the trust is below £25,000, there is no requirement for an independent examination of the trust accounts.

**Achievement of control assertions at interim audit date**

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below.

	INTERNAL CONTROL OBJECTIVE	YES	NO	N/A
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	To be tested at final internal audit		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	To be tested at final internal audit		
K	If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			✓
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	To be tested at final internal audit		
M	The authority, during the previous year (2023/24) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N	The authority has complied with the publication requirements for 2023/24 AGAR.	To be tested at final internal audit		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

Should you have any queries please do not hesitate to contact me.

Yours sincerely



**Andy Beams**  
Mulberry Local Authority Services Ltd

**Interim Audit - Points Carried Forward**

Audit Point	Interim Audit Findings	Council comments
None		