



6 Uplands Road
Farnham GU9 8BP

Louise Davies

Wisborough Green Parish Council

5 May 2022

Dear Louise

Wisborough Green Parish Council - Internal Audit 2021-22

Following completion of the final audit, the internal audit of Wisborough Green Parish Council for the 2021-22 financial year has now been concluded. I am pleased to be able to report that I have signed off all sections of the internal audit section of the Annual Governance and Accountability Return (AGAR) for 2021-22 with no comments.

As stated in the engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete Section 4 of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year.

In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Audit Practices Board and our procedures are not designed to provide assurance over the reliability and quality of your financial statements— that is the job of external audit.

We are required by the Annual Internal Audit Report included in the Annual Governance and Accountability Return (AGAR) to review controls in place at the Council against predefined control assertions. These control assertions are set out in the detailed report, together with the results of my internal audit work for 2021-22.

The audit was carried out in two stages.

- The interim audit was completed on 7 December 2021. This concentrated on financial transactions for months 1-6, and governance controls.
- The final audit was completed on 5 May 2022. At this audit I reviewed the statement of accounts, balance sheet and year end transactions.

A - Appropriate books of account have been kept properly throughout the year

Interim Audit

The Council uses the Quickbooks accounting system to record financial transactions. The Clerk is the only person with access to this application. The system is updated monthly to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered, the hard copy reports are easy to read and logically filed. References are complete and give a clear indication of payee and purpose of the transaction.

I was able to agree the opening balances in the Council's 4 cashbooks back to the accounts for 2020-21. Box 7 in last year's audited accounts was £156,928. This has been agreed to the balance brought forward on the bank reconciliation.

The Council has completed one VAT return this financial year for the period 1 April to 31 Oct. VAT reclaimed was £15K, this has been agreed to a schedule of transactions extracted from Quickbooks. The Council is not registered for VAT so completes a section 126 return.

I am satisfied that this control objective has been met.

Final Audit

The accounting statements have been agreed back to and income and expenditure reports produced from the Quickbooks accounting system. All comparatives reported in the financial statements have been agreed back to the audited 2020-21 accounts as published on the Council website.

I confirmed that the year-end VAT return has been completed and was submitted to HMRC on 4 April 2021. VAT due has been agreed to a supporting schedule of transactions. The claim been settled by HMRC.

The Council does not currently make use of balance sheet reporting, as there are a number of historic errors on the VAT control account. I recommend that the Council reloads the accounting balances as a new company on Quickbooks, using balances at 31.3.22 as a starting point.

The Council reviewed my interim audit report at the January 2022 meeting of Full Council, and an action plan was agreed at the meeting.

I am satisfied that the Council has met this control objective.

B - The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for

Interim Audit - Governance

The Council reviews Standing Orders / Financial Regulations and the Code of Conduct annually at the May meeting of Full Council. The documents are based on NALC templates with minor amendments to reflect practices at the Council.

I checked that Acceptance of Office and Declaration of Interest forms were in place for a sample of 3 councillors. I identified one minor omission - the Chairman's Acceptance of Office form has not been signed. This should be rectified at the next council meeting.

Interim Audit - Expenditure

The Clerk outlined the Council's process for paying suppliers. Invoices are checked against order or contract. They are then posted on to quickbooks and arithmetic checked. Payment is set up on the bank account and the payment prepared for review at the next Council meeting. Approval to pay is noted in minutes and recorded by signature of councillor on payment list. Payment is approved on the bank account by one of two councillors with access to the Council bank account. I am satisfied that this payment approval process is consistent with financial regulation 6.4.

I carried out a sample test of non-pay expenditure transactions selected at random from the first 6 months of the financial year. I was able to confirm the following for all transactions:

- Payment agreed to invoice
- Invoice signed off by councillor on payment list
- VAT accounting correct
- Expenditure appropriate for the Council

I am satisfied that the Council is meeting this control objective.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £162,110, up from £63,955 in 2020-21. This is mainly due to the cost of the levelling project on the village green.

I selected a further sample of transactions from the cashbook for the last 5 months of the financial year. For all transactions tested I was able to confirm that:

- Transactions could be agreed back to invoice
- Payment approval slip was on file, authorised by appropriate officers, with evidence of sign off by councillor
- Payment approved at a meeting of the Council
- VAT accounted for appropriately.

I am satisfied that the Council has met this control objective.

C - The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Interim Audit

The Council is insured with BHIB on a standard local council package. This is the first year with this insurer. The policy was in date at time of audit, with an expiry date of 30 September 2022. Asset cover appeared satisfactory with coverage included for the playground and other assets set out on the fixed asset register. The Clerk is working with the insurer to ensure fixed asset register categories match records held by the insurer.

Fidelity insurance cover needs to be kept under review. Fidelity guarantee is set at £150K. Council bank balances have exceeded this level in the past, and the Council may wish to increase the level of fidelity cover to ensure adequate cover is in place, should CIL income be received in the near future.

The Village Hall is leased by the Village Hall Committee, and the Committee is required to insure the building under the terms of the lease. I recommend that the Council checks the insurance document each year.

The Council Management and Financial Risk Assessment was reviewed at the Finance Committee in October and was adopted at Full Council in November 2021. I have suggested to the Clerk that insurance of the Village Hall should be added to the risk register. The Council has met its objectives for 21-22 with regard to risk management.

Computer data is backed up using BT cloud storage, the Council also has external IT support.

Final Audit

I confirmed with Clerk that the village hall insurance has been added to the risk register and that confirmation of the insurance has been obtained from the Village Hall Committee.

The risk assessment document has been reviewed and risk assessments for assets and functions have been amended.

I am satisfied that the council met this control objective.

D - The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Interim Audit

I was able to confirm that the process for setting the budget and precept for 22-23 is underway. The budget will be considered by the Full Council Committee on 7 December. A draft budget has been prepared for this meeting by the Clerk following on from

discussions with councillors, and with reference to the Council's schedule of objectives. The Council is due to pass final precept and budget resolutions at the Full Council meeting in January 2022. Precepting authority deadlines should be met.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings. A profit and loss report is produced from quickbooks for each Council meeting. I reviewed the report for the period to the end of October 2021. The budget appears to be on track and minutes confirmed proper review of the budget monitoring report has occurred.

I will review reserves at my year end audit. I note these have reduced in year due to expenditure on drainage work and contribution towards village hall from CIL reserves.

Final Audit

Reserves at year end were £94,598 (£156,928 in 20-21.)

Budget and precept for 22-23 was approved at the January meeting of Full Council. A precept of £70k was set and district council deadlines were met.

Earmarked reserves were £75K at financial year end, £43K of which was CIL monies held for eligible projects. General reserves were £18.5K, which is 28% of precept. This is at the lower end of best practice as set out in the NALC Practitioners' Guide, which suggests that general reserves should not fall below 3 months of the council's net revenue expenditure (effectively the precept at WGPC). This is acceptable, given that the Council has well developed earmarked reserves.

I am content that this control objective has been met

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

Final Audit

Precept per box 2 to the accounts was £67,000 (20-21 £67,000). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £67,409 (20-21 £133,009).

I tested a sample of income transactions from the second half of the financial year. These were confirmed to a variety of sources:

- £15,501 Reclaim from HMRC for first 6 months of the 21-22 financial year – agreed to VAT claim
- 32,955 from Sports Association - agreed to invoice raised by EGPC and email confirmation of payment from Sports Association
- 4,482- New Homes Funding - agreed to remittance notification from District Council

I am content that this control objective has been met.

F - Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.

Satisfactory. My testing confirmed that the Council does not use petty cash.

G- Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.

Interim and Final Audits

Staff costs per box 4 to the accounts were £ 26,393 (20-21 £25,924) I confirmed that only costs relating to the clerk's employment are included in box 4.

Payroll is processed by West Sussex County Council payroll department. Clerk's pay is processed and paid by WSCC, The Council pays WSCC by invoice and settles the monthly NEST pension contribution.

I checked the payment to the Clerk for July 2021 I was able to agree cashbook figure for net pay back to payroll, and from there I was able to agree gross pay back to notification from the Chairman, and payroll change form signed by 2 councillors.

I am satisfied that the council met this control objective.

H - Asset and investments registers were complete and accurate and properly maintained.

Final Audit

Fixed Assets per box 9 to the accounts were £1,012,904 (2020-21 £1,012,904)

I have agreed the balance in the accounts back to the asset register. The asset register appears complete and to record assets at cost or proxy cost, as required by regulations.

I am satisfied that the Council is meeting the requirements of this control objective.

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

Interim Audit

The Council has four bank accounts, These are listed in the table below together with details of review completed at the interim audit.

Bank account	Frequency of reconciliation	Internal Audit Review
Barclays Current Account	Monthly	Checked October reconciliation to quickbooks and to bank statement. Review by councillor ticked but not signed
Barclays deposit account	Periodically, when account balance has changed due to transfers in or out	Not reconciled since March 21, so not audited at this audit
Nat West Reserve	Quarterly	Checked September reconciliation to quickbooks and to bank statement. Review by councillor evidenced
Nat West Current	Periodically, when account balance has changed due to transfers in or out	Checked October reconciliation to quickbooks and to bank statement. Review by councillor evidenced

The financial regulations require that

“On a regular basis, at least once in each quarter, and at each financial year end, a member, other than the Chairman or cheque signatory, shall be appointed to verify bank reconciliations (for all accounts) produced by the Clerk.” This is not happening for all accounts at present.

I therefore recommend that all bank accounts are reconciled to bank each quarter as a minimum.

Final Audit

Cash per box 8 to the accounts was £94,598 (2020-21 £156,928)

I have reperformed the year end bank reconciliation. I agreed cash per box 8 to the accounts to the bank reconciliation. I also checked balances in the bank reconciliation back to the Quickbooks cashbook and to bank statements.

I am satisfied that the Council has met this control objective.

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, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.

Satisfactory – Accounts have been produced on a receipts and payments basis, this is appropriate and income and expenditure at the Council is below £200k. Expenditure for 21-22 was £196K and is not likely to exceed £200k in future years as reserves are now reduced.

An explanation of year-on-year variances has also been prepared, with detailed explanations for variances provided. I have reviewed this and explanations appear appropriate.

I am satisfied this control objective has been met.

L: The Authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements

The requirements of the Transparency Code 2015 do not apply to this Council, as gross income and expenditure is below £200K. This test is therefore not applicable at this Council and the internal audit report will be marked as not covered

M - Arrangements for Inspection of Accounts

Inspection periods for 2020-21 accounts were set as follows

Inspection - Key date	2020-21 Actual
Accounts approved at Full Council	27 April - Full Council
Date Inspection Notice Issued and how published	2 June – website and notice boards
Inspection period begins	3 June
Inspection period ends	14 July
Correct length	Yes

All regulatory requirements were met in this regard.

N: Publication requirements 2020-21 AGAR

The Statement of Accounts, Annual Governance Statement and the external audit certificate are published on the accounts page of the Council website. The external audit certificate is dated 9 September. The Conclusion of Audit certificate is also published, dated 17 September 2021, before the statutory deadline of 30 September. The Council received a comment from the auditors in the other matters cell of the audit certificate, relating to the appointment of the previous internal auditor. Moore have subsequently issued a letter correcting their error, and this has also been published on the Council website.



The Council met publishing requirements.

O - Trust funds (including charitable) The council met its responsibilities as a trustee.

No trusts

I would like to thank you for your assistance with the audit. I attach my invoice, and the internal audit report from the AGAR for your consideration.

Do not hesitate to contact me if you have any questions at all.

Yours sincerely

A handwritten signature in black ink, appearing to read "M. Platten".

Mike Platten CPFA

Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
Fidelity guarantee is set at £150K. Council bank balances have exceeded this level in the past.	The Council may wish to increase the level of fidelity cover to ensure adequate cover is in place should CIL income be received in the near future.	Council monitoring, balance now reduced
The Village Hall is leased by the Village Hall Committee, and the Committee is required to insure the building under the terms of the lease.	I recommend that the Council checks the insurance document each year, it is important that the Council checks this important asset has adequate insurance.	Insurance obtained
The Chairman’s Acceptance of Office form has not been signed.	This should be rectified at the next Council meeting	Now signed
The financial regulations require that “On a regular basis, at least once in each quarter, and at each financial year end, a member, other than the Chairman or cheque signatory, shall be appointed to verify bank reconciliations (for all accounts) produced by the Clerk.” This is not happening for all accounts at present.	I therefore recommend that all bank accounts are reconciled to bank each quarter as a minimum	Now done quarterly

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
The Council does not currently make use of balance sheet reporting, as there are a number of historic errors on the VAT control account	I recommend that the Council reloads the Accounting balances as a new company on Quickbooks, using balances at 31.3.22 as a starting point.	