

Louise Davies

Wisborough Green Parish Council

13 April 2023

Dear Louise

Wisborough Green Parish Council - Internal Audit 22-23

The internal audit of Wisborough Green Parish Council for the 2022-23 financial year is now complete.. The interim audit was carried out on 24 November. I visited the Council for the year end audit on 13 April.

I am pleased to be able to report that I have signed off the internal audit section of the Annual Governance and Accountability Return (AGAR) for 2022-23 with no comments.

I set out the results of my audit below, with recommendations at Appendix A. At appendix B I list audit tests not covered at this audit, as they are not applicable at WGPC.

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.

You should now present this report to the next available meeting of Full Council, to assist councillors with the sign off of the Annual Governance Statement.

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Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

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 cashbooks back to the audited accounts for 2021-22. The Clerk has set the Council up as new company in Quickbooks. This is to clear old VAT entries reported at my last audit, and make balance sheet reporting possible.

The Council has completed one VAT return this financial year for the period 1 April to 31 October 2022. VAT reclaimed was £5,575K. 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. There is a little work to be completed to ensure accurate VAT accounting on the new company on Quickbooks:

- The VAT return for the first 6 months of the financial year must now be processed through Quickbooks
- When the refund is received from HMRC, this should be recorded using the VAT macro.
- VAT should then be reconciled to the VAT 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 2021-22 accounts as published on the Council website. Arithmetic was checked and a £1 rounding error was corrected.

I confirmed that the year-end VAT return has been completed and was submitted to HMRC on 4 April 2022. £2,819 was reclaimed, this has been agreed to a schedule of transactions extracted from the Quickbooks system.

The Clerk has corrected the Council's VAT reporting issue, and I was able to agree box 7 in the statement of accounts to the QuickBooks balance sheet. There is a small imbalance of £164 on the balance sheet – this relates to a single transaction, which is being examined by the Clerk as part of the VAT reconciliation process.

The Council reviewed my interim audit report at the February 2023 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 – no significant changes in 22-23. NALC recommended changes have been made.

I selected a sample of transactions from the Quickbooks cashbook for first 7 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 and chair of the meeting
- Payment approved at a meeting of the Council
- VAT accounted for appropriately.

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

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £97,094, down from £162,110 in 2021-22. This is mainly due to the cost of the levelling project on the village green in 21-22.

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
- Expenditure appropriate for this Council
- 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, on a 3 year agreement. This is the first year of a 3 year deal. The policy was in date at time of audit, with an expiry date of 30 September 2023. Asset cover appeared satisfactory with coverage included for the playground and other assets set out on the fixed asset register. Fidelity guarantee is set at £250K an increase from 21-22, and sufficient, given cash balances at the Council. The Clerk has reviewed the insurance document for the village hall since my last visit, and confirmed buildings insurance and public liability insurance are sufficient.

The Council Management and Financial Risk Assessment was reviewed at the Finance Committee in November 2022. I confirmed the review had been undertaken and no material changes identified. This was adopted at Full Council on 15 November 2022. The Council has met its obligations in this regard for 22-23.

Computer data is backed each evening to a hard disk, using an automated process, and is also backed up using BT cloud storage. BT Cloud back up was showing a storage error message at the time of my audit, this needs to be rectified.

Final Audit

Back up arrangements have been rectified. Support was sought from an IT specialist and necessary software changes were made to make back ups operational.

I am satisfied that the Council has 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 23-24 is underway. The budget has been considered by November meeting of the Finance Committee. A detailed draft budget has been prepared, including reserves projections. Precept and budget will be set at the January 2023 Full Council meeting, precepting authority deadlines will 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 Mid-November 2022. The budget appears to be on track and minutes confirmed proper review of the budget monitoring report has occurred – no material variances were identified.

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Final Audit

Reserves at year end were £127,029 (£94,598 in 21-22.)

Budget and precept for 23-24 was approved at the January meeting of Full Council, after prior consideration by the Finance Committee and Full Council. A precept of £78,000 was set and this is recorded in minute 11(g). The 23-24 budget was also approved – a detailed budget document has been prepared to support this decision, this was reviewed by Council prior to precept approval. District council precepting deadlines were met.

Earmarked reserves were £107K at financial year end, £32K of which was CIL monies held for eligible projects. £47K is set aside in the Section 106 reserve for Songhurst Meadow. The Clerk has prepared the 22-23 CIL report. This will be published on the website and sent to the district council after review at the next Council Meeting.

General reserves were £22.5K, 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 £70,000 (21-22 £67,000). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £95,660 (21-22 £67,409).

I tested a sample of income transactions from the second half of the financial year. These were confirmed as follows:

- £63,000 from Surrey Hills Solicitors. This is a section 106 receipt from Runnymede Builders. I confirmed this receipt to an email from Surrey Hills Solicitors
- 7,686 – Lease payments from Village Hall Committee. I have checked the lease with the Village Hall, and can confirm that the Village Hall were correctly invoiced.

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.

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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 £ 27,899 (21-22 £26,393) I confirmed that only costs relating to the clerk's employment are included in box 4 – staff costs and pension

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 August 2022. 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 annual salary notification sent to the payroll provider, signed by Chairman and one other councillor.

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 £1,045,780(2021-22 £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.

The main additions is the pathway and culvert at Songhurst Meadow, this has been correctly added to the asset register at cost.

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. All were reconciled to 31 October and signed off by Cllr True.

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

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Accounting

Barclays deposit account	Periodically, when account balance has changed due to transfers in or out	Not reconciled since March 22, so not checked 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 Council Investment policy was reviewed at Full Council in November 2022. The Council has resolved to move some monies into 3 month investment accounts. This is a sensible decision to improve returns, whilst not tying cash up for too long.

Final Audit

Cash per box 8 to the accounts was £127,029 (2021-22 £94,598)

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. The reconciliations have been reviewed by Councillor True and the review was properly evidenced.

Loans per box 5 were £7,043 (21-22 £15,053) The outstanding balance was confirmed to the year end statement from PWLB.

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 22-23 was £132K, and income £166k .

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.

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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 2021-22 accounts were set as follows

Inspection - Key date	2021-22 Actual
Accounts approved at Full Council	17 May - Full Council
Date Inspection Notice Issued and how published	20 May – website and notice boards
Inspection period begins	6 June
Inspection period ends	15 July
Correct length	Yes

All regulatory requirements were met in this regard.

N: Publication requirements 2021-22 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 20 September 2022, before the statutory deadline of 30 September. The Council received a clear audit certificate, and this was reported to the October Council meeting. 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



Mike Platten CPFA

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Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
There is a little work to be completed to ensure accurate VAT accounting on the new company on Quickbooks:	<ul style="list-style-type: none"> - The VAT return for the first 6 months of the financial year must now be processed through Quickbooks - When the refund is received from HMRC, this should be recorded using the VAT macro. - VAT should then be reconciled to the twice yearly VAT return. 	Now actioned and balance sheet agreed to accounting statements
BT Cloud back up was showing a storage error message at the time of my audit,	This needs to be rectified.	Now actioned, necessary software changes made

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Accounting

Appendix B

Audit Tests Marked as Not Covered

Appendix B

Internal Audit Control Objectives – Marked as not covered

Control Objective	Area for Audit	Why this has not been audited
F	Petty Cash	No petty cash at this council
L	Transparency	Council is above £25K and below £200K thresholds, so Transparency Code does not apply
O	Trust Funds	No trusts at this council

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