

Louise Davies

Wisborough Green Parish Council

29 November 2022

Dear Louise

Wisborough Green Parish Council

Interim Audit 22-23

Following the interim audit completed on 24 November, I attach my report for consideration by the Council. This was the first of two audits I intend to carry out to support my opinion on the 22-23 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 21-22 audit opinion
- Follow up previous recommendations
- Testing of expenditure first 6 months of financial year
- Testing of income – first 6 months of financial year
- Risk management and insurance
- Salaries and wages
- Budget monitoring reports
- Arrangements for inspection of accounts
- Bank reconciliations.

I am pleased to report that overall Council has successfully maintained a strong system of financial control. I have 2 minor recommendations to raise, these are at Appendix A.

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. The internal audit reports should therefore be made available to all members to support and inform them when they are considering the Authority's approval of the annual governance statement. I am required by Section 4 of 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 below, together with the results of testing carried out at the interim audit.

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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.

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.

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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.

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.

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.

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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.

I will review reserves at my year end audit.

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

Year end test

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

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.

Year end test

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
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.

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.

Year end test

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. I will see you on 13 April to complete the year end audit. 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. 	
BT Cloud back up was showing a storage error message at the time of my audit,	This needs to be rectified.	

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