

Louise Davies

Wisborough Green Parish Council

1 December 2023

Dear Louise

**Wisborough Green Parish Council**

**Interim Audit 23-24**

Following the interim audit completed on 30 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 23-24 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 22-23 audit opinion
- Follow up previous recommendations
- Testing of expenditure first 7 months of financial year
- Testing of income – first 7 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. Recommendations are set out 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 22-23. There was a difference of £30 between the accounts and the opening balance, this was due to an unpresented cheque that has now been written off.

The Council has completed one VAT return this financial year, for the period 1 April to 31 June 2023. VAT reclaimed was £4,312. This has been agreed to a schedule of transactions extracted from Quickbooks. The refund was received on 17<sup>th</sup> July. The next return will cover the 6 months to 31 December 2023.

## **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**

Standing Orders / Financial Regulations were reviewed 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 the 2023 review. The Council is aware that a redraft of the model financial regulations is being worked on by NALC. This will need to be taken into consideration when the Council next reviews its own regulations.

I selected a sample of transactions from the Quickbooks cashbook for first 7 months of the financial year from the "transaction list by supplier report". 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. The policy was in date at time of audit, with an expiry date of 30 September 2024. Asset cover appeared satisfactory with coverage as follows:

<b>Property Insured</b>	<b>Declared Value</b>	<b>Sum Insured</b>
Buildings	£31,314	£37,576
Contents	£27,500	£33,000
<b>Other Property Insured away from the Premises</b>		
Street Furniture	£60,000	£72,000
Walls, Gates and Fences	£30,000	£36,000
Playground Equipment	£148,996	£178,795
CCTV Equipment	Not Insured	£0
War Memorials	£40,000	£48,000
Ground Surfaces	£63,366	£76,039
Mowers and Machinery	£7,219	£8,662
Sports Equipment	£15,000	£18,000

Fidelity guarantee is set at £250K , this is sufficient, given cash balances at the Council. The Clerk has included the insurance policy for the Village Hall in the risk assessment and reviews the insurance policy at least annually.

The Council's Management and Financial Risk Assessment was reviewed at the Finance Committee in November 2023, and This was adopted at Full Council on 21 November 2023. There is evidence of review in year, particularly around the area of cyber risks. The Council has met its obligations in this regard for 23-24.

My previous internal audit report was reported to Full Council on 18<sup>th</sup> April - minute 10f.

Computer data is backed each evening to a hard disk, using an automated process, and is also backed up using BT cloud storage. 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 24-25 is underway. The first draft budget was reviewed at 7th November meeting of the Finance Committee. The Finance Committee have made a recommendation to November meeting of Full Council. The draft tax base has recently been received, and the budget and precept will be approved at the Full Council meeting in January 2024. Precepting authority deadlines will be met.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Finance Committee and Full 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 2023. The budget appears to be on track and minutes confirmed proper review of the budget monitoring report has occurred. Detailed reporting of reserve balances is also carried out.

I report on reserve balances 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. Clerk now has a debit card.

**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 2023. 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. Clerk's hours were agreed to a Finance Committee meeting in Nov 22.

I recommend that the Clerks hours and hourly rate are confirmed in a minute of a meeting annually. This ensures authorised pay is clearly recorded.

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**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. I checked September reconciliations, all four accounts had been reconciled and reviewed by Cllr True.

Bank account	Frequency of reconciliation	Internal Audit Review
Barclays Current Account	Monthly	Checked September reconciliation to quickbooks and to bank statement. Review by councillor
Barclays deposit account	Periodically, when account balance has changed due to transfers in or out	Checked September reconciliation to quickbooks and to bank statement. Review by councillor
Nat West Reserve	Quarterly	Checked September reconciliation to quickbooks and to bank statement. Review by councillor
Nat West Current	Periodically, when account balance has changed due to transfers in or out	Checked September reconciliation to quickbooks and to bank statement. Review by councillor

The Council also has fixed term accounts as follows.

- Redwood - £30,000 – I agreed the balance to opening deposit statement dated 6 October
- 2 fixed term deposits with Cambridge and Counties
  - one £30K balance has been agreed to the opening statement from January 2023
  - one £30K balance has been agreed to the opening statement from May 2023.

The Council will need to get year end statements for these accounts to satisfy external audit.

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**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. However, I can confirm that all AGAR documentation as required by regulations is up to date, and a record of agendas and minutes of Council meetings are published.

**M - Arrangements for Inspection of Accounts**

Inspection periods for 22-23 accounts were set as follows

Inspection - Key date	22-23 Actual
Accounts approved at Full Council	18 April - Full Council
Date Inspection Notice Issued and how published	2 June – website and notice boards
Inspection period begins	5 June
Inspection period ends	14 July
Correct length	Yes

All regulatory requirements were met in this regard.

**N: Publication requirements 22-23 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 16 August. The Conclusion of Audit certificate is also published, dated 20 September 2023, before the statutory deadline of 30 September. The Council received a clear audit certificate, bar two minor points in the other matters section, and this was reported to the September Council meeting- minute 10g . The Council met publishing requirements.

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**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 10 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

## Appendix A – Recommendations

### Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
Clerk's pay	I recommend that the Clerks hours and hourly rate are confirmed in a minute of a meeting annually. This ensures authorised pay is clearly recorded.	

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# April Skies

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Accounting

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