

Louise Davies

Wisborough Green Parish Council

10 April 2024

Dear Louise

Wisborough Green Parish Council - Internal Audit 23-24

Final Audit Report

The internal audit for the 23-24 financial year is now complete. I am pleased to report that I have signed off the internal audit section of the Annual Governance and Accountability Return (AGAR) for 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 and management information – 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 below, together with the results of my internal audit work for 23-24. Recommendations are set out at Appendix A. I set out a schedule of tests not completed at this audit at Appendix B, these tests are not relevant to this Council.

The audit was carried out in two stages. The interim audit was carried out on 30 November, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 10 April and concentrated on the statement of accounts and balance sheet.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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, 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 un-presented 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 17th July. The next return will cover the 6 months to 31 December 2023.

Final Audit

The accounting statements have been agreed back to year end reports produced from the accounting system. All comparatives reported in the financial statements have been agreed back to the audited 22-23 accounts, as published on the Council website. Arithmetic has been checked.

I recommend that the Council should consider using an industry specific accounting package such as Scribe / Rialtas / Edge. This would eliminate the manual adjustments needed to complete the year end accounts, and streamline processes such as VAT return, bank reconciliation and management accounts.

I confirmed that the VAT return for period January to March 2024 has been completed and submitted to HMRC, with a submitted date stamp of 3 April. VAT of £1670 was reclaimed. The Council is up to date with VAT returns.

My interim report was considered at the January Council meeting.

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.

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Accounting

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.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 67,062, down from £97,094 in 22-23 .

I tested 2 further payments and repeated the tests set out at the interim audit. For all payments tested I was able to confirm that financial regulations had been followed.

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:

| Property Insured | Declared Value | Sum Insured |
|---|-----------------------|--------------------|
| Buildings | £31,314 | £37,576 |
| Contents | £27,500 | £33,000 |
| Other Property Insured away from the Premises | | |
| 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.

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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. The Council has engaged a data protection officer, and is updating policies and procedures in line with recommendations. Councillors have also received data protection training in 23-24.

The non-financial risk assessment has been reviewed after physical inspections of assets by councillors. This was approved at Full Council in March 24 – minute 8b.

My previous internal audit report was reported to Full Council on 18th 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.

Final Audit

Reserves at 31 March 2024 were £128,315 (22-23 £127,029).

The Council holds a number of earmarked reserves. These include restricted reserves, such as CIL (balance £21,972 at 31 March) and Songhurst Meadow section 106 reserve (balance £47,681 at 31 March).

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Earmarked reserves designated by the Council include the Village Hall Reserve (balance £7,153 at 31 March), Village Maintenance (balance £6,425 at 31 March) and Legal Fees Reserve (balance £6,000 at 31 March)

General reserves at year end were £27k . This represents 35% of precept, which is at the low end of recommended levels set out in the NALC Practitioners' Guide. This is acceptable, given earmarked reserves set out above.

The budget and precept for 24-25 were reviewed and approved at the Full Council meeting on 16 January 2024 (minutes 7f). A precept of £85,000 was set. A detailed budget was approved, I note that this provides for £4k funding from the general reserve to bring the budget into balance.

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 £78,000 (22-23 £70,000). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £26,695 (22-23 £95,660). I reviewed a small sample of income credits from the second half of the financial year. For transactions selected I was able to agree income recorded in the accounting system back to confirmation from the payee, for example notification of payment from insurer, or grant award letter from CDC.

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

Staff costs per box 4 to the accounts were £29,204 (22-23 £27,899).

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.

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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.

At the final audit I confirmed that box 4 to the accounts only included costs relating to the employment of staff, as required by regulations.

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

Final Audit

Fixed Assets per box 9 to the accounts were £1,057,844 (22-23 £1,045,780)

The figure in the accounts has been agreed to the fixed asset register. Fixed assets have increased by £12,064, the main item added is the new youth surface.

I discussed the asset register further with the Clerk. It would be sensible for the Council to draw up a fixed asset accounting policy, defining which assets should be added to the asset register, including a de minimis asset threshold. The asset register can then be updated against this policy – any adjustments can be managed as a restatement of asset balances in the AGAR.

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 |

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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.

Final Audit

Cash per box 8 to the accounts was £128,315 (22-23 £127,029)

I reperformed the year end bank reconciliation. For all bank and investment accounts I was able to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the accounting system. The bank reconciliations have been reviewed by Councillor True, this has been evidenced on the face of the reconciliation and the bank statement.

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 as income and expenditure at the Council is below £200k.

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.

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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.

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

No trusts

I attach my invoice for your consideration together with the internal audit report from the AGAR. I would like to take this opportunity to thank you for your help with the audit. I look forward to working with you again next year, in the meantime please do not hesitate to contact me if I can be of any assistance.

Yours sincerely



Mike Platten CPFA

☎ 07958 990310

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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. | To be completed at 24-25 settlement. |

Points Forward – Action Plan - Final Audit

| Matter Arising | Recommendation | Council Response |
|---|---|------------------|
| I recommend that the Council should consider using an industry specific accounting package such as Scribe / Rialtas / Edge. | This would eliminate the manual adjustments need to complete the year end accounts, and streamline processes such as VAT return, bank reconciliation and management accounts. | |
| It would be sensible for the Council to draw up a fixed asset accounting policy, defining which assets should be added to the asset register, including a de minimis asset threshold. | The asset register can then be updated against this policy – any adjustments can be managed as a restatement of asset balances in the AGAR | |

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 |
| K | Exemption from limited assurance review | Council had limited assurance review in 22-23 |
| O | Trust Funds | No trusts at this council |

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