

Sam Gray
Iwade Parish Council

17 May 2024

Dear Sam,

Iwade Parish Council – Interim Internal Audit 23-24

Final Audit Report

The internal audit for the 23-24 financial year is now complete. 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 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 24 January, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 14 May 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 maintains financial records on an excel spreadsheet. My testing confirmed that income and expenditure is balanced to the cashbook and reconciled to bank statements on a regular basis. I confirmed there is a clear audit trail from the accounts to supporting documentation such as invoices.

I was able to agree the opening balances in the cashbook back to the audited accounts for 22-23, by recreating a summary cashbook. The Council received a clear external audit opinion last year, so there is nothing that needs to be taken into account for the current financial year.

The Council reclaims VAT annually. The VAT return for the period to 31 March 2023 was submitted to HMRC on 5 May 2023. VAT reclaimed was £3,845, I have agreed this to a schedule of transactions extracted from the cashbook

Final Audit

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

I confirmed that the VAT return for period April 23 to March 24 has been completed and submitted to HMRC, it was posted by the Clerk on 9 May. VAT of £6577 was reclaimed, this is supported by a list of transactions extracted from the workbook.

My interim report was considered at the February Council meeting (minute 10.1)

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

Standing Orders and Financial Regulations are based on NALC templates. These were last reviewed at the Council Meeting in May 2023, with evidence of the review and approval properly recorded in minutes (minute 23.05.17). 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.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

The Council has a clear process for making payments to suppliers. Invoices are collated each month by the RFO, who carries out initial checks, such as confirming receipt of goods. A payment listing is prepared and this is taken to the monthly council meeting, alongside copies of invoices. Payments are approved at council meetings, and details recorded in minutes. A councillor then checks invoices and signs off the payment listing. RFO next sets up payments on the Council bank account, these are subsequently approved electronically by 2 councillors. This is a robust process with adequate separation of duties and I make no recommendation for change.

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

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

I checked one transaction at Unity Bank and confirmed the payment was set up by RFO and authorised by 2 councillors.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 64,262, up from £41,011 in 22-23.

I tested 2 further payments from the Q4 cashbook, and checked the following:

- Cashbook entry agreed to invoice
- VAT accounting correct
- Invoice signed off by a councillor on the payment schedule

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

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 on a standard local council package, with Hiscox Insurance. The policy was in date at time of audit, with a start date of June 2023, valid until the policy is cancelled. No buildings are insured – assets insured are set out below:

Item description	Excess	Amount Insured
Total Buildings	N/A	£0
Gates and fences	£250	£0
Fixed outside equipment	£250	£31,104
Street furniture	£250	£181,492
War memorials	£250	£12,633
Playground equipment	£250	£0
Sports surfaces	£250	£0
Other surfaces	£250	£0
Rent receivable	£250	£0

Money cover is set at £250K, sufficient for this council.

The Council risk register was considered at the Full Council meeting in April 2023 – minute 8.2. The risk assessment is on a standard parish council template and covers risks one would anticipate at a council of this size.

All computer data is backed up to monthly on to cloud storage using Microsoft Office 365. I have discussed back up procedures with the Clerk and RFO. It would be sensible to engage an IT expert to set up files storage so that working files are held on cloud servers.

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

Interim Audit

The precept and budget for 2023-24 were approved at the Council meeting in January 2024 – minute 9.3. A precept of £61,000 was set. The budget was approved at a Finance Committee meeting in December and was made available to councillors in advance of final approval.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings, by reviewing minutes. At each Full Council meeting, the RFO issues a finance pack. This includes the Financial Report, which summarises the budget position, and includes the bank reconciliation and bank statements. I reviewed the budget report for the period to the end of November. At this point (75% of the year) expenditure was £51K, against a budget of £76K. The minutes show this report was considered at the November meeting (minute 13).

Final Audit

Reserves at 31 March 2024 were £62,746 (22-23 £80,826).

Earmarked reserves are set out in monthly financial reports. At 31 March 24 these were as follows:

4 CCTV Cameras, Materials, Installation	£	9,700.00
Annual CCTV Monitoring and 4G coverage	£	4,000.00
Festive Lights Store, Instal, Take Down, PAT Testing, Electricity	£	8,500.00
Grounds Maintenance	£	11,500.00
Funds for Surveyors Fees - Hall (Earmarked)	£	500.00
Total	£	34,200.00

This leaves a general reserve of £28.5k. At 55% of precept, this is at the mid-point of levels recommended in the NALC Practitioners' Guide.

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 £51,620 (22-23 £51,585). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £14,393 (22-23 £11,313).

I tested 2 grant receipts with a value of £5,428. Both were agreed to remittance slips and checked to bank statement.

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.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

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 £19,831 (22-23 £17,933).

Payroll is outsourced to an external payroll agency, who also complete pension duties on behalf of the council. I tested the August 2023 payment to the Clerk and RFO , and was able to agree the cashbook entries to payslip. From there I was able to confirm gross pay to pay for relevant scale points .

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 £158,632 (22-23 £151,642)

The figure in the accounts has been agreed to the fixed asset register. The asset register correctly accounts for all assets at cost. This follows accounting rules set out in the Practitioners' Guide. The RFO provided details of changes to the asset register in 23-24. Main addition is 4 new CTV cameras, correctly added at cost of £4595.

I – Periodic and year-end bank account reconciliations were properly e have been correctly added at cost.

Interim Audit

I was able to confirm that the bank account is reconciled to the cashbook each month, via the cashbook spreadsheet. I was also able to confirm, by reference to minutes of council meetings, that the bank reconciliation is discussed regularly at Council meetings. The reconciliation is minuted. I checked the December bank reconciliation and confirmed the reconciliation and the bank statements had been signed off by a reviewing councillor.

I reperformed the December bank reconciliation. For all bank accounts I was able to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the excel spreadsheet. Arithmetic was checked, and balances in the reconciliation were agreed to the cashbook.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

Final Audit

Cash per box 8 to the accounts was £62,746 (22-23 £80,826)

I reperformed the year end bank reconciliation. I recreated the cashbook for the year and checked formulae worked properly – no errors were found. I was able to agree cashbook to year end bank statements, there were no reconciling items. The year end bank reconciliation and bank statements are signed as reviewed by a councillor

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.

K: If the authority certified itself as exempt from a limited assurance review in 22-23, it met the exemption criteria and correctly declared itself exempt.

Not applicable, Council completed limited assurance review.

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

Yes – the Council has published statutory documentation. The Council has an up to date website, and the 22-23 AGAR and external audit certificate can easily be located on the website. An archive of AGAR documentation is published, as required by regulations. Minutes of Council meetings are published on the website and were up to date at the time of my audit. Monthly accounting data is also published on the council website.

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	14 June Full Council
Date Inspection Notice Issued and how published	15 June
Inspection period begins	19 June
Inspection period ends	28 July
Correct length	Yes

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

All obligations in this regard were met for 22-23 accounting statements.

N: Publication requirements 22-23 AGAR

The Statement of Accounts, Annual Governance Statement and the external audit certificate are published on the Finance page of the Council website. The external audit certificate was clear, so there are no matters to take into consideration in the 2022-23 accounts. The Conclusion of Audit certificate was published on 25 September, after the date of the audit certificate (19 September), and before deadline to meet statutory requirements. The external audit certificate was reported to the meeting of Full Council In November 23 (minute 8.2) . The Council met the requirements of this control objective.

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

The RFO has confirmed that the Council is not a trustee

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

Yours sincerely



Mike Platten CPFA

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016

6 Uplands Road. Farnham GU9 8BP

Appendix A – Recommendations

Points Forward – Action Plan

Matter Arising	Recommendation	Council Response
All computer data is backed up to monthly on to cloud storage using Microsoft Office 365. I have discussed back up procedures with the Clerk and RFO.	It would be sensible to engage an IT expert to set up files storage so that working files are held on cloud servers.	

No recommendations at final audit

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

☎ 07958 990310

✉ mike@aprilskies.co.uk

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