

Michelle Legg
Clerk to Wheatley Parish Council

21 May 2024

Dear Michelle

Wheatley Parish Council - Internal Audit 2023-24 **Final Audit Report**

The internal audit for the 23-24 financial year is now complete. I am pleased to report that overall Council has successfully maintained a strong system of financial control. However, following external audit recommendations, I am not able to sign off the following control objective:

Control Objective	Matter Arising
M- Arrangements for Inspection of Accounts	Inspection announcement same day as meeting when AGAR was approved – contrary to regulations.

External audit have also recommended that the Council should mark assertions 4 and 7 on the Annual Governance Statement for 23-24 as “NO”.

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 23 November, this concentrated on in year financial transactions and governance controls. The final audit was completed in person on 21 May and concentrated on the statement of accounts and balance sheet.

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A. Books of Account

Interim Audit

The Council uses the Sage One Business Cloud accounting system. The Sage system is used to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered. My audit testing showed that supporting documentation could be readily located from transactions recorded on the accounting system, and all key reconciliations were up to date.

I have agreed the cash balance as recorded on the opening trial balance back to box 8 on the audited 22-23 AGAR. I am satisfied that the opening cash balance on the accounting system is accurate.

I confirmed that the Council has continued to reclaim VAT – The Clerk shared the claim for the period 1 May to 31 July with me. I checked VAT reclaimed back to a summary of transactions extracted from the accounting system. I have also confirmed that the claim for the period to the end of October was submitted on 23.11.23, so the Council is up to date with VAT.

I confirmed that my last report was discussed at Full Council in June (minute 38)

Final Audit

The accounting statements have been agreed back to year end reports produced from the Sage accounting system. Income and expenditure accounts agree to sage profit and loss and the year-end balance sheet on Sage agrees to box 7 in the accounting statements for 23-24. 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 Feb to April 24 has been completed and submitted to HMRC. This has a SAGE generated submitted date stamp of 8 May. VAT of £881 was reclaimed.

The Council reviewed my previous audit report at the December meeting of Full Council. – minute 119.

B. Financial Regulations & Payments

Interim Audit

I confirmed that the Council has reviewed key governance documents. Financial Regulations and Standing Orders were reviewed at the Council meeting on 4.9.23 (minute 88). 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.

The Council has a robust process for authorisation of payments to suppliers. The Council approves expenditure via the annual budget process. Invoices are sent to the Office by suppliers, invoices are checked by office staff for receipt of services goods and accuracy.

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The Clerk then prepares a payment listing, which is sent to authorising councillors, together with all invoices being paid by email. Bank payments are set up by the Clerk or Assistant Clerk on the current account, and these payments are authorised by 2 from the panel of 5 bank signatories. Payment listings are then reported retrospectively to a meeting of the Finance Committee.

I tested a sample of payments selected at random from the sage cashbook for the first 7 months of 23-24. For all payments tested I was able to confirm

- Payment per cash book agreed to invoice
- VAT correctly accounted for
- Expenditure appropriate for this council
- Payment approval by 2 councillors recorded on transfer request document
- Payment reported to Finance Committee meeting

I will review authorisations on the bank account when I visit the Council for the final audit.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 69,959, down from £84,958 in 22-23 .

The Council is due to review the financial regulations at the June meeting of Full Council, following the publication of the new template from NALC. This is sensible, given the changes made by NALC.

I tested 4 further payments and confirmed the following:

- Payment per cash book agreed to invoice
- Expenditure appropriate for this council
- VAT accounting correct
- I checked approval at bank had been actioned by 2 councillors, after payment set up by a member of staff. This was checked to the Unity bank log.

C. Risk Management & Insurance

Interim Audit

The Council undertakes a full risk assessment annually using the LCRS risk management system. There are a number of risk assessments, these were reviewed at the November 2023 meeting of Full Council, this is recorded in minutes (minute 123 ii). I reviewed the risk assessment summary, This is comprehensive, and there is evidence of update in year.

I have confirmed that the Council has a valid insurance certificate, with an expiry date of 31 May 2024, insurance is held with BHIB. The Council reviews its insurance requirements as part of the renewal process. Fidelity cover is currently set at £250K, this is sufficient, given cash holdings at the Council, and the fact that the Council is holding some of its cash in difficult to access accounts (CCLA).

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I confirmed that asset cover is consistent with the Council's asset register, assets insured are :

Property Insured	Declared Value	Sum Insured
Buildings	£109,789	£131,746
Contents	£27,500	£33,000
Other Property Insured away from the Premises		
Street Furniture	£92,535	£111,042
Gates and Fences	£47,541	£57,049
Playground Equipment	£147,251	£176,701
CCTV Equipment	Not Insured	£0
War Memorials	£63,804	£76,564
Ground Surfaces	£57,549	£69,058
Mowers and Machinery	£8,131	£9,757
Sports Equipment	£23,895	£28,674

The Clerk has obtained email confirmation from the IT provider that computer back up data is working as anticipated.

D. Budget, Precept & Reserves

Interim Audit

I confirmed that the 24-25 budget and precept setting process was advanced at the time of the interim audit. The Clerk shared the budget setting timetable with me, and I note that draft budgets were considered at the Full Council meeting in November. Final approval of budget and precept is due at Full Council on 5 December, well in advance of precepting authority deadlines.

The Clerk produces a detailed financial report for review by the Finance Committee. Minutes for the October 23 meeting confirmed the following reports were produced:

- Bank reconciliations – all accounts
- Budget monitoring report
- Reserve balances
- Review of outstanding debtors.

I reviewed the month 6 budget monitoring report produced for this meeting . It is comprehensive, up to date and there was no evidence of significant overspends. Expenditure to date was £68K against a budget for the year of £215K. The Clerk explained that this is due to the timing of certain areas of expenditure, eg tree works.

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Final Audit

Reserves at 31 March 2024 were £282,232 (22-23 £199,857).

Earmarked reserves were as follows at balance sheet date:

CAPITAL FUND/RESERVES	Bal b/fwd
2024-25	£
Traffic & Road Safety Measures	6,000
Play Equipment (incl Safety Surfaces)	40,000
Bus Shelters	9,000
Seating and lighting	3,000
Holton Pavillion	10,000
New Pavillion	60,000
Trees	6,000
Staffing	25,000
Cadet Hut	10,000
Littleworth Field	20,000
Totals	189,000

Earmarked reserves have been reviewed by Finance Committee at meetings in February and March 2024. CIL reserves are not clearly indicated on the reserves report - I recommend that CIL monies held by the Council are clearly labelled in reserve reporting.

General reserves at year end were £93K. This represents 60% of precept, which is at the mid-point of recommended levels set out in the NALC Practitioners' Guide.

The budget and precept for 24-25 were approved at the Full Council meeting on 4 December 2024 – minute 126 for budget and 127 for precept. A precept of £ 160,963, was approved, I have checked this to the precept submission sent to the District Council. This is a 7.5% increase on 23-24. The precept was recorded as a percentage increase in minutes , the actual value of the precept must be recorded in minutes in future years.

E. Income

Interim Audit

The Council has limited non precept income. I selected a small sample of income transactions from the cashbook for the first 7 months of the financial year. For transactions sampled I was able to agree credit per cashbook back to invoice issued by the Council. I also confirmed that the correct fees were invoiced (adverts in newsletter)

The Council has no issues with debts - the sales ledger showed debts outstanding as £175 at the time of my audit.

Final Audit

Precept per box 2 to the accounts was £149,733 (22-23 £138,954). This has been agreed to third party documentation provided by external audit.

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Income per box 3 to the accounts was £61,469 (22-23 £21,356).

I reviewed an credit on the account for £8K from Oxford Direct Services. This has been accounted for correctly and has not been recorded as income, but treated as a credit on the Council's account with this contractor.

F. Petty cash

The Council does not use petty cash.

G. Payroll

Interim and Final Audits

Staff costs per box 4 to the accounts were £58,867 (22-23 £54,039).

The Clerk confirmed that all staff have contracts of employment. Payroll is processed in house by the Clerk, using the HMRC Basics package. All monthly changes to the payroll are input by the Clerk, once timesheets have been received and signed off. A company and individual payslip is produced using the payroll system. Payments are then set up at bank, and payments are authorised by councillors as part of the standard payment system. The payroll journal is loaded on to Sage by the bookkeeper.

I carried out testing of payments made to 2 officers in August 23. I was able to agree gross pay per payroll records to pay award letters, authorised by the Clerk (for other officers) and the Chair(for the Clerk)

I checked the Council's PAYE account with HMRC. There are no overdue payments

At the final audit I checked that box 4 to the accounts only includes transactions relating to the employment of staff – salaries / payroll taxes and pensions.

H. Assets and investments

Final Audit

Fixed assets per box 9 to the accounts were £ 175,840 (22-23 £176,205).

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, with sufficient detail to locate all assets listed.

Fixed assets have reduced by £365 since last year end. The Clerk supplied a schedule of movements on the fixed asset register to explain this change. Disposals of £1897 have been actioned. Additions of £ 1532 have been correctly added to the asset register at cost.

I. Bank reconciliations

Interim Audit

The Council has 4 bank accounts. 2 held with Barclays Bank, 2 with Unity Bank. A short term investment is held with CCLA.

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I re-performed the September 2023 bank reconciliation. I found no error in the reconciliation and confirmed that the reconciliation is subject to appropriate councillor review, evidenced by signature on the face of both the reconciliation and the bank statements. All balances on the reconciliation were agreed back to sage and to bank statements. Arithmetic was checked. I also confirmed that the detail of bank balances and the reconciliation were reviewed at the October meeting of Full Council (minute 22).

The Council has an investment policy, as required by regulations, This was last reviewed at Council on 5.12.22 . I note that the Council is only obtaining 1.7% interest rate on the Barclays Premium account. It is recommended that a review of deposit accounts is undertaken in the next 6 months to ensure returns are optimised.

Final Audit

Borrowings per box 10 to the accounts were £nil (21-22 £ nil)

Cash per box 8 to the accounts was £279,835 (22-23 £196,735)

I re-performed the year end bank reconciliation. I agreed all balances in the bank reconciliation back to the accounting system reports and to bank statements. The year end bank reconciliation was found to be accurate. The bank reconciliation is due to be reviewed at the next council meeting.

J. Year-end accounts

Wheatley PC has produced accounts on an accruals basis, this is required as income / expenditure is above £200k. A reconciliation between Box 7-8 of the accounts has been prepared, for external audit review, and creditor and debtor listings support this reconciliation.

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 meets the requirement of the Code by publishing information on the Council website, mainly on the accounts and annual returns tab of the website. I checked that the following information was up to date at the time of the final audit:

- Payments data – published to end of March 2024
- Community Infrastructure Levy report – 22-23 report published.
- Grants information - up to date for 23-24

The Council may wish to publish Transparency Code data following the format set out at this link

[Transparency Information - Windlesham Parish Council \(windleshampc.gov.uk\)](https://windleshampc.gov.uk)

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M: Arrangements for Inspection of Accounts

Inspection periods for 22-23 were set as follows

Inspection - Key date	22-23 Actual
Accounts approved at Full Council	5 June Full Council
Announcement	5 June
Inspection period begins	6 June
Inspection period ends	17 July
Correct length	Yes

The announcement of the inspection period should be made 1 day after the approval of the AGAR at Full Council. This has been picked up by external audit in their 22-23 certificate:

It was noted on review that the announcement of the Period for Public Rights was the same date as the approval of Section 2 of the Annual Governance and Accountability Return. Regulation 12 – 15 of the Accounts and Audit Regulations 2015 set out the order required to be followed when approving, announcing, and publishing the Return and related documents in order to satisfy the Public Rights requirements. The Return must be approved prior to the Notice being published. To be able to demonstrate this, proper practice requires that the Notice is published no sooner than the day following the approval meeting and the Public Rights period commences no sooner than the next working day after that.

Consequently, I am not able to sign off that the Council has met the requirements of this control objective. External audit have also recommended that the Council should mark assertions 4 and 7 on the Annual Governance Statement for 23-24 as “NO”.

N: Publication requirements 22-23 AGAR

Interim Audit

I confirmed that the Council has correctly loaded the audited accounts, annual governance statement and audit certificate for 22-23 on to the Council website. The conclusion of audit certificate has been correctly published, with a date of 28 August, in advance of the 30 September deadline. This is after the date of the audit certificate (14 August) The audit certificate was reported to Council at the September meeting (minute 87).

O. Trusteeship

Interim Audit

The Council is not a trustee

I would like to take this opportunity to thank you for your assistance with the audit. I attach my invoice for your consideration, together with the internal audit report from the AGAR. I will be in touch during the summer to make arrangements for 24-5 audits.

Yours sincerely



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Mike Platten CPFA

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Appendix A

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
I note that the Council is only obtaining 1.7% interest rate on the Barclays Premium account.	It is recommended that a review of deposit accounts is undertaken in the next 6 months to ensure returns are optimised.	Reviewed by Council, CCLA account set up, Clerk to move £50K further to CCLA
External audit certificates.	External audit have also recommended that the Council should mark assertions 4 and 7 on the Annual Governance Statement for 23-24 as “NO”.	Noted and actioned

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
CIL reserves are not clearly indicated on the reserves report	I recommend that CIL monies held by the Council are clearly labelled in reserve reporting.	
The precept was recorded as a percentage increase in minutes.	The actual value of the precept must be recorded in minutes in future years.	

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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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