

Kay Brown

Fretherne with Saul Parish Council

12 June 2024

Dear Kay,

Fretherne with Saul Parish Council

Final Internal Audit Report 23-24

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 remotely on 23 November, this concentrated on in year financial transactions and governance controls. The final audit was completed remotely on 12 June and concentrated on the statement of accounts and balance sheet.

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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 was able to agree the opening balances in the cashbook back to the accounts for 22-23 as published on the Council website by recreating a simple cashbook. In the course of my testing I confirmed there is a clear audit trail from the accounts to supporting documentation such as invoices.

VAT is reclaimed at financial year end, I will check the VAT return at my year end audit.

Final Audit

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

I confirmed that the VAT return for 23-24 financial year has been completed and submitted to HMRC, this was actioned on 24 April. VAT of £2,332 was reclaimed. VAT reclaimed has been agreed to a schedule of transactions derived from the excel cashbook.

My interim report was considered at the November Council meeting (minute 15 | 123). Minutes show proper consideration of the report by councillors.

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,

The Council has a clear process for making payments to suppliers. Payments are approved at monthly meetings, after invoices have been reviewed by the Clerk and by councillors. The Clerk then sets up payments online, these are authorised at bank by 2 councillors.

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:

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- Payment agreed to invoice
- Invoice approved for payment at meeting of Full Council, recorded in minutes
- Payment approved by 2 councillors - checked authorisation emails for one transaction
- Expenditure appropriate for this Council

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 24,670 up from £15,154 in 22-23 .

I tested 3 further payments from the final half of the financial year, For all payments tested I was able to confirm that:

- Payment agreed to invoice
- Expenditure appropriate for this Council
- Invoice approved for payment at meeting
- VAT accounting correct

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 Hiscox on a standard local council package, The policy was in date at time of audit, with a start date of August 22nd 2023, cover continuous until the policy is cancelled. No buildings are insured. Main areas of asset cover are:

- Street furniture - £17K
- War memorials - £33K
- Playground equipment - £55K

Money cover is sufficient at £250K. This is comfortably in excess of cash balances held by the Council.

Final Audit

The Council risk register was considered at the Full Council meeting in November 2023 (item 121|23). I reviewed the risk assessment, it documents risks I would anticipate to see covered at a council of this size, there is evidence of update in 23-24.

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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 Council has begun work on the 24-25 budget. Initial thoughts on projects for the next three years are being discussed in the meeting to be held on 2nd November. Full budget discussion will begin in November. This will be finalised at the January 2024 meeting.

I raised the issue of the Council's reserve balances at my last audit. I understand reserves are being considered as part of 24-5 budget setting. I remind the Council to review reserve balances in the course of 23-24. This review should

- Define earmarked reserves and balances to be held
- Earmarked reserves should then be recorded in accounting records, for example on the monthly bank reconciliation.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings. Prior to each meeting, copies of invoices, payslips, the bank reconciliation and the cashbook is circulated to all Councillors so that they have visibility of spending to date and how this relates to the budget. This is approved in the financial section of the agenda/meeting. I reviewed the report produced for the October 23 meeting, the report was accurate, and is derived directly from the cashbook.

Final Audit

Reserves at 31 March 2024 were £42,097 (22-23 £48,664).

Earmarked reserves at 31.3.24 were as £28K. This is supported by a schedule of projects set out in the 24-27 business plan.

General reserves were £14,097. This represents 85% of precept, so is just below the maximum recommended level set out in the NALC Practitioners' Guide. This is not inappropriate for a smaller council.

The 24-25 budget was considered at Full Council on 29th November 2023, agenda item 181123 and finalised on 31st January 2024, agenda item 160124. The precept of £16,900 approved on the same date, agenda item 180124. The minute should record the actual value of the precept, not just the percentage increase.

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

Interim and Final Audits

Precept per box 2 to the accounts was £16,500 (22-23 £16,500). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £7,771 (22-23 £4,340).

I checked the receipt of

- 1 credit from Gloucestershire CC amounting to £720 to a remittance advice note
- 2 further credits from Stroudwater Bene Birketts have been tested, amounting to £1,693. These are the initial repayments of Land Tribunal costs and have been agreed to remittance notes from the solicitor. I note that the Council is working to agree a repayment plan for monies owed as a result of the Land Tribunal decision.

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

Staff costs per box 4 to the accounts were £6,167 (22-23 £5,252).

Payroll is processed externally - any amendments are processed by the payroll provider prior to payment per the payment process outlined in section B above.

I tested the August 2023 payment to the Clerk, and was able to agree the cashbook entry to payslip. From there I was able to confirm gross pay to pay award for scale 12 on the JNC payscale for 22-23. Pay has been confirmed to pay award letter from the Chairman of the Council to the Clerk dated November 22, the 23-24 pay award had not yet been finalised.

At the final audit, I confirmed box 4 only included payments relating to employment of staff (salaries and HMRC payments)

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

Final Audit

Fixed assets per box 9 to the accounts were £ 63,894 (22-23 £63,248).

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. Arithmetic in the asset register has been checked.

The Clerk supplied a schedule of asset changes in 23-24 to support the £646 increase in asset value.

- Additions - £946 since last year end. New lifebelts
- Disposals - £300 old notice board

I – Periodic and year-end bank account reconciliations were properly carried out.

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.

I reperformed the September 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. I confirmed with the Clerk that the reconciliation was reviewed at the November Council meeting.

I have one recommendation. The bank reconciliation should include movements on the cashbook in the course of the financial year, so that the reviewing councillor can more readily check cashbook balances back to the accounting spreadsheet.

Final Audit

Borrowings per box 10 to the accounts were £nil (22-23 £ nil)

Cash per box 8 to the accounts was £42,097 (22-23 £48,664)

I reperformed the year end bank reconciliation. I agreed all balances in the bank reconciliation back to the accounting system reports and to bank statements. The bank reconciliation has been signed as reviewed by a councillor, as have the bank statements.

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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.

Fretherne with Saul has produced accounts the receipts and payments basis, permissible as receipts and payments are again below the £200k threshold.

K: If the authority certified itself as exempt from a limited assurance review in 2022-23 it met the exemption criteria and correctly declared itself exempt.

Yes the council met the exemption criteria and declared itself exempt from the limited assurance review

- Income and expenditure below £25K
- The authority was in existence on 1 April 2018
- No statutory external audit reports

The Council must have an external audit review in 23-24, as expenditure has crossed the £25K threshold.

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 as required by the 2015 Transparency Code. The Council has an up to date website, and the 22-23 AGAR and external audit certificate can easily be located on the website. Minutes of Council meetings are published on the website and were up to date at the time of my audit. There is an archive of AGAR documentation as required by regulations.

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	28 June Full Council
Date Inspection Notice Issued	29 June
Inspection period begins	30 June
Inspection period ends	10 August
Correct length	Yes

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N: Publication requirements 22-23 AGAR

The Statement of Accounts, Annual Governance Statement and the exemption certificate for 22-23 are published in [Parish Accounts Audit – Fretherne with Saul Parish Council](#) section of the Council website.

All required information has been published.

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

Satisfactory –The Council has confirmed to me that the Council is not sole trustee of a charity.

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. Please do not hesitate to contact me if I can be of any assistance.

Yours sincerely



Mike Platten CPFA

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Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
I raised the issue of the Council's reserve balances at my last audit. I understand reserves are being considered as part of 24-5 budget setting.	I remind the Council to review reserve balances in the course of 23-24. This review should <ul style="list-style-type: none"> - Define earmarked reserves and balances to be held - Earmarked reserves should then be recorded in accounting records, for example on the monthly bank reconciliation. 	Now in place as part of business plan
Bank Reconciliation .	The bank reconciliation should include movements on the cashbook in the course of the financial year, so that the reviewing councillor can more readily check cashbook balances back to the accounting spreadsheet	We circulate the Cashbook and Bank Rec each month, signed off by the Chairman and then at the April meeting sign off the end of year with the Cashbook, summary from the budget spreadsheet and the end of year Bank Rec. These are all on the website.

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
Recording of precept in minutes	The minute should record the actual value of the precept, not just the percentage increase.	

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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
O	Trust Funds	No trusts at this council