

Tony McCord
Waltham Parish Council

19 May 2023

Dear Tony,

Waltham Parish Council – Internal Audit 22-23

The internal audit of Waltham Parish Council for the 2022-23 financial year is now complete. The audit was carried out remotely during the week of 15 May 2023.

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 2022-23 with no comments.

I set out the results of my audit in the attached report.

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– 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 in the detailed report, together with the results of my internal audit work for 2022-23 Recommendations identified in the course of my testing are attached at appendix A. These will be followed up at my next audit.

You should now present this report to the next available meeting of Full Council, to assist councillors in the sign off of the Annual Governance Statement.

☎ 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

The Council maintains financial records on the Jiosoft Money Manager accounts system. This was up to date at the time of my audit. Referencing was clear, there is an audit trail from bank to accounting system to individual transactions. This accounting system produces all reporting needed for this smaller council.

I was able to agree the opening balance on the cashbook back to the accounts for 2021-22, as approved at Full Council and published on the Council website.

The Council last submitted a VAT return to cover the 21-22 financial year. The refund from HMRC has been received and banked. The VAT return for the period to 31 March 2023 is in hand and will be finalised over the summer. This is acceptable for this smaller council.

The accounting statements have been agreed back to 'transaction report' and 'itemised categories' reports produced from the Council's accounting package. All comparatives reported in the financial statements have been agreed back to the audited 2021-22 accounts as published on the Council website.

I am satisfied that this control objective has been met.

B - The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for

Non pay expenditure per box 6 to the accounts amounted to £8,774, down from £9,214 in 21-22.

Standing Orders and Financial Regulations are based on NALC templates. Financial Regulations were last reviewed in June 2022, and Standing Orders in December 2021.

The Clerk prepares payment schedule documents for each parish council meeting. Once approved at the meeting online banking payments are made which must be authorised by two 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:

- Payment agreed to invoice or to minute confirming grant award
- Invoice recorded as signed off by 2 councillors on payment schedule
- Expenditure appropriate for this Council
- VAT accounting correct

I am satisfied that the Council has demonstrated compliance with financial regulations in the way it makes payments to suppliers.

☎ 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.

The Council is insured with Zurich Municipal on a standard local council package, The policy was in date at time of audit, with an expiry date of March 2024 . The Council has elected to receive no playground or monument cover on this policy - this appears consistent with the asset register. Coverage of other assets is set at £23K.

Fidelity cover is sufficient at £250K. This is comfortably in excess of cash balances held by the Council, and a standard balance applied with this policy.

The Council risk register has been prepared and was due to be considered at the Full Council meeting in February 2023, this was inquorate and was cancelled. The risk register was approved under delegated powers. For clarity, this should be discussed and approval minuted at a Council meeting in 2023-24. I have reviewed the risk register and it appears appropriate for a council of this size.

I am satisfied that the Council is meeting 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.

Final Audit

Reserves at 31 March 2022 were £9,347 (21-22 £10,923).

The precept for 2023-24 was approved at the Council meeting in December 2022 (minute 89a) A precept of £7,161 was set. A draft budget was prepared and was approved at this meeting subject to clarification of a query. This query was cleared under delegated powers due to the February 2023 meeting being inquorate. For clarity, the 23-24 budget should be discussed and approval minuted at a Council meeting in 2023-24.

The Council held an earmarked reserve of £2000 at 31.3.23 for capital projects. General reserves therefore stood at £7,347. At around the level of the precept, this is at the higher end of best practices set out in the JPAG Practitioners Guide, but at a level entirely appropriate for a smaller council.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings by reviewing minutes – I confirmed budget monitoring reports were received by Council in June and December.

I am satisfied that the Council is meeting this control objective.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

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

Precept per box 2 to the accounts was £7,161 (2021-22 £7,161). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £3,160 (2021-22 £3,395). I reviewed two credits from Canterbury City Council, amounting to £2,724. These were agreed to remittance advice notes issued by the principal authority.

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.

Staff costs per box 4 to the accounts were £3,123 (2021-22 £2,798).

I confirmed that the accounts only include payments relating to employment of staff in box 4 to the accounts. I tested the February 2023 payment to the Clerk, and was able to agree the cashbook entry to February 2023 payroll claim from the Clerk. This was then agreed to a calculation confirming the clerk's pay. The correct hourly rate per the LGA pay scales in force at the time of the payroll have been used. I confirmed that the Clerk has a contract of employment , dated 2019.

Pay has been agreed to the payroll calculation prepared using HMRC basics software, I also confirmed the Council is registered with HMRC for payroll purposes.

I am satisfied that the Council is meeting this control objective.

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

Fixed assets per box 9 to the accounts were £ 7,848 (21-22 £7,062). 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. I checked arithmetic, and the accounts balance agrees to the assets listed on the asset register.

I item has been added to the asset register in 22-23, the new Waltham sign. This has been correctly added at cost.

I am satisfied that the Council is meeting this control objective.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

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

Final Audit

Cash per box 8 to the accounts was £9,347 (21-22 £10,923)

I was able to confirm that the bank account is reconciled to the cashbook each month. There is evidence that this is reported within the finance section of Council meetings.

There is scope to improve the bank reconciliation process to ensure full compliance with financial regulations. Financial regulation 2.2 states that

- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations produced by the RFO. The member shall sign the reconciliations and the original bank statements as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

This process is not currently being followed. I therefore recommend that at least once a quarter the bank reconciliation / bank statements / transactions report produced from the Money Manager system are checked by a councillor and that this check is evidenced by signature on all documents checked.

I am able to sign off that the Council has met the requirements of this control objective, and the Council has undertaken to improve the bank reconciliation process as set out above.

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 – The accounts have been produced on the receipts and payments basis, as permitted by regulations for this council with receipts and payments below the £200K threshold.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

K: If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt.

The Council declared itself exempt in 21-22 and met the exemption criteria

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

The Council is also able to declare itself exempt from limited assurance review in 22-23.

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 21-22 AGAR and exemption 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 stored in the accounts section of the website.

M - Arrangements for Inspection of Accounts

Inspection periods for 21-22 accounts were set as follows

Inspection - Key date	21-22 Actual
Accounts approved at Full Council	3 May Full Council
Date Inspection Notice Issued and how published	6 June
Inspection period begins	13 June
Inspection period ends	22 July
Correct length	Yes

Regulations were followed.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

N: Publication requirements 2021-22 AGAR

The Statement of Accounts, Annual Governance Statement and the exemption certificate are published on the accounts page of the Council website. The approval of the AGAR statements and the certificate of exemption were properly recorded in minutes of the meeting of Full Council on 3 June 2022.

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 would like to thank you for your assistance with the audit. I attach the internal audit report from the AGAR and my invoice, for your consideration. In the meantime, do not hesitate to contact me if you have any questions at all.

I look forward to working with you again in 2023-24.

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
The Council risk register has been prepared and was due to be considered at the Full Council meeting in February 2023, this was inquorate and was cancelled. The risk register was approved under delegated powers.	For clarity, this should be discussed and approval minuted at a Council meeting in 2023-24	
A draft budget was prepared and was approved at the December meeting subject to clarification of a query. This query was cleared under delegated powers due to the February 2023 meeting being inquorate.	For clarity, the 23-24 budget should be discussed and approval minuted at a Council meeting in 2023-24	
There is scope to improve the bank reconciliation process to ensure full compliance with financial regulations	I therefore recommend that at least once a quarter the bank reconciliation / bank statements / transactions report produced from the Money Manager system are checked by a councillor and that this check is evidenced by signature on all documents checked.	

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016

6 Uplands Road. Farnham GU9 8BP

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

☎ 07958 990310

✉ mike@aprilskies.co.uk

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