

Alison Ball
Clerk & RFO

Ewshot Parish Council

8 May 2024

Dear Alison

Ewshot 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 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 12 December, this concentrated on in year financial transactions and governance controls. The final audit was carried out remotely on 8 May and concentrated on the statement of accounts and balance sheet.

A - Appropriate books of account have been kept properly throughout the year
Interim Audit

The Council continues to maintain accounting records on an excel workbook, which records individual transactions in linked tabs that produce a receipts and payment account, bank reconciliation and budget monitoring report. This is sufficient for this smaller council. The cashbook was up to date at the time of my audit, with all transactions properly referenced to ensure links to prime documentation.

I confirmed that the opening balances on the excel workbook at 1.4.23, as recorded on the opening balance sheet, could be agreed back to the audited annual return for 22-3. Box 7 on the 22-23 audited accounts was £74,455, this agreed to the opening cashbook balance. The external audit opinion for 22-23 was clear, so there are no matters requiring attention in the 23-24 accounts.

The Council had submitted a VAT return for the period April to September 2023. This was agreed to a schedule of transactions derived from the accounting records. The council is up to date with VAT accounting.

I confirmed that my audit report for 22-23 was properly considered at the May meeting of the Council and an appropriate minute recorded (22/136). It has been published on the Council website.

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 November 23 to March 24 has been completed and submitted to HMRC.

My interim report was considered at the January Council meeting (minute 24/029)

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

Financial Regulations and Standing Orders were reviewed at the Full Council meeting in February 23. 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 approves expenditure via the annual budget process. Each month, the Council reviews the future expenditure to be made in the finance report circulated by the Clerk before each meeting of the Council. Payment approval is then minuted, supported by a detailed list of payments. Payments are made using electronic banking. The Clerk sets up the payments on the Council's bank account. These are then approved electronically by two of a panel of three councillors.

I tested a sample of expenditure transactions. I was able to confirm the following for all transactions sampled:

- Cashbook entry could be agreed back to an invoice from the supplier
- VAT accounting correct
- Approval for the payment was recorded in a minute of a council meeting.
- Payment set up at bank by the Clerk and authorised by 2 councillors

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 18,555, up from £15,518 in 22-23.

I tested 1 further payment from the Q4 cashbook, and checked the following:

- Cashbook entry agreed to invoice
- VAT accounting correct
- Payment set up by Clerk and authorised by 2 councillors (check to Unity bank audit log)

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 by Aviva, on a standard local council policy arranged by BHIB insurance brokers. I reviewed the insurance certificate and confirmed it is in date with an expiry date of April 2024. Asset cover is as follows:

Property Insured	Declared Value	Sum Insured
Buildings	Not Insured	Not Insured
Contents	£12,500	£15,000
Other Property Insured away from the Premises		
Street Furniture	£30,000	£36,000
Gates and Fences	£30,923	£37,107
Playground Equipment	£79,945	£95,934
CCTV Equipment	£700	£840
War Memorials	£30,000	£36,000
Ground Surfaces	£10,000	£12,000
Mowers and Machinery	£5,000	£6,000
Sports Equipment	£10,000	£12,000

I have confirmed that the Council backs up computer remotely, with backups taken to the OneDrive plus periodic USB backup.

The Clerk confirms the risk assessment is under review and will be formally approved at a Full Council meeting in the new year.

Final Audit

The Council risk assessment was considered at the January meeting of Full Council (minute 24/109). I have reviewed the risk assessment and it appears sufficient for a council of this size. There is evidence of review in year.

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

Interim Audit

Budget setting for 24-25 is under way. The Clerk asked for projects to be brought forward by Councillors. The draft budget was approved at the December meeting of Full Council, with final approval of precept to be recorded at the January meeting.

Budget reporting occurs on a quarterly basis. I checked the quarter 2 report, which clearly set out the budget position of the Council – this was reviewed at the October meeting of Council (minute 23/216). No overspends were identified.

Final Audit

Reserves at 31 March 2024 were £85,792 (22-23 £74,455).

Earmarked reserves at 31 March 24 were as follows:

Landscaping, Fencing, Tree works, gates and street Furniture-Broomhill	454.76
Remainder of s106 Money for Recreation use	2,031.20
Defib Annual Service Scheme	-
IT Provision	1,200.00
Noticeboard Maintenance	700.00
New Planting	732.67
Christmas Trees	364.00
New Gates for Village Hall	
Car Park Works	663.00
Highways Projects - e.g. SID/SLR + Gateway Entry/verges/pull-ins	12,688.35
Repairs and Maintenance - Recreation Ground	910.50
Electricity Supply on Rec	648.00
Design Codes	1,800.00
Elections	1,500.00
2023/2024 Projects	2,465.00
<i>Tennis court refurbishment fund</i>	3,500.00
<i>Playground equipment reserve</i>	27,000.00
TOTALS	56,657.48

General reserves at year end were £29,135. This represents 85% of precept, which is at the upper end of recommended levels set out in the NALC Practitioners' Guide.

The budget and precept for 24-25 were reviewed and approved at Full Council meetings as follows:

- Budget – December 23 – minute 23/246
- Precept - January 2024 (minutes 24/028) A precept of £36,886 was set.

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 £34,526 (22-23 £32,726). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £2,188 (22-23 £2014). No testing completed minimal income apart from VAT refunds which I audit as part of accounting processes.

F - Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

No 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 £6,823 (22-23 £5,967).

I tested Clerk's salary for August 2023. I agreed salary payment from the cashbook back to the monthly payroll summary. I then agreed gross pay to pay award letter for the clerk, signed off by the Chairman. Hours for the month were agreed to authorised time records, approved by email by councillors. 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 £113,932 (22-23 £114,552)

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 22-23 as follows

- Disposals - £628 – removal of litter bin and noticeboard

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

Interim Audit

The Council holds cash in 2 Lloyds bank accounts and a 12 month fixed rate bond with Cambridge and Counties.

I was able to confirm that the bank account is reconciled to the cashbook each quarter, via the cashbook spreadsheet. I checked that bank reconciliations are subject to councillor review each quarter and that this review is evidenced. I was also able to confirm, by reference to minutes of council meetings, that the bank reconciliation is discussed regularly at Council meetings.

I re-performed the bank reconciliation for September 2023. I tested the following

- Confirmed balances back to bank statements
- Checked arithmetic and all links within the excel cashbook
- Confirmed signature of councillor on bank reconciliation
- Confirmed the bank reconciliation had been noted at a Council meeting.

I am satisfied that the bank reconciliation recorded in the cashbook correctly states the financial position of the Council, can be agreed to bank statements, and has been reported to a Council meeting.

Final Audit

Cash per box 8 to the accounts was £85,792 (22-23 £74,455)

I re-performed 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 had not yet been signed off by a councillor at the time of my audit, this is due at the next council meeting.

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

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 the website contains an archive of AGAR documentation, as required by regulations. Other information such as quarterly financial reports and bank reconciliations is also published and kept up to date.

M – Inspection Periods

Interim Audit

Inspection period for 22-23 AGAR was set as follows

Inspection - Key date	22-23 Actual
Accounts approved at Full Council	22 May Full Council
Date Inspection Notice Issued and how published	2 June noticeboards and website
Inspection period begins	5 June
Inspection period ends	14 July
Correct length	Yes – 30 working days

I can confirm that regulations were followed in this respect and that the Council can therefore sign off that it has met control objective 4 on the annual governance statement – inspection rights.

N – Compliance with Publishing Requirements 22-23 Accounts

Interim Audit

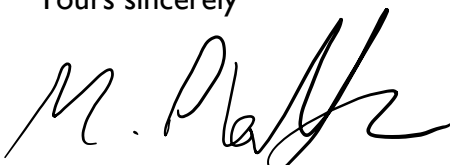
The Council has received the 22-23 external audit report, dated 7 September. A clear opinion was reported, and a conclusion of audit notice was published on the website on 12 September, before the deadline of 30 September. All relevant elements of the AGAR, including the external audit certificate, have been published on the Council website. The external audit report was reviewed at the 9 October 2023 Full Council and an appropriate minute recorded (minute 23/217).

0 - 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

Points Forward – Action Plan

Matter Arising	Recommendation	Council Response
No recommendations		

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