

**Alison Ball
Clerk & RFO**

Ewshot Parish Council

28 April 2025

Dear Alison

Ewshot Parish Council – Internal Audit 24-25

Final Audit Report

The internal audit for the 24-25 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 31 January, this concentrated on in year financial transactions and governance controls. The final audit was concluded on 28 April 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 have tested formulae within the cashbook and these operated properly.

I confirmed that the opening balances on the excel workbook at 1.4.24, as recorded on the opening balance sheet, could be agreed back to the audited annual return for 23-4. Box 7 on the audited accounts was £85,792, this agreed to the opening cashbook balance. The external audit opinion for 23-24 with regard to accounting matters was clear, so there are no matters requiring attention in the 24-25 accounts.

The Council has submitted a VAT return for the period April to September 2024. This was agreed to a schedule of transactions derived from the accounting records, and all VAT incurred in this period has been reclaimed. The VAT refund has been checked into the cashbook, it was received in October. The Council is up to date with VAT accounting.

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 23-24 accounts, as published on the Council website.

I confirmed that the VAT return for period October 24 to March 25 has been completed and submitted to HMRC. VAT of £804 has been reclaimed, this agrees to VAT booked to the cashbook for the final 2 quarters of 24-25.

My interim report was considered at the March Council meeting (minute 24/040). The Council properly considered the recommendation raised.

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 need to be updated. The Council has not yet implemented changes to the NALC template made last spring. I recommend that these amendments are made at the next annual review of the financial 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
- Expenditure appropriate for this Council
- Approval for the payment was recorded in a minute of a council meeting.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 22,593, up from £18,554 in 23-24.

I tested I 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 Lloyds 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. I reviewed the insurance certificate and confirmed it is in date, with an expiry date of 12 April 2025. 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
Walls, Gates and Fences	£31,232	£37,478
Playground Equipment	£80,744	£96,892
CCTV Equipment	£707	£848
War Memorials	£30,000	£36,000
Ground Surfaces	£10,100	£12,120
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 before financial year end.

Final Audit

The Council risk assessment was considered at the March meeting of Full Council (minute 25/045). 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 25-26 has been completed. Budget was approved at the January 2025 meeting of Full Council (minute 25/020). A precept of £37,566 was set (minute 25/021), minutes show proper consideration of both budget and precept prior to approval.

Budget reporting occurs on a quarterly basis. I checked the quarter 3 report, which clearly set out the budget position of the Council – this was reviewed at the January meeting of

Council (minute 25/018). A number of virements were approved at this meeting, as a result of funding required for the tennis court, and underspends elsewhere.

Final Audit

Reserves at 31 March 2025 were £97,757 (23-24 £85,792).

Earmarked reserves at 31 March 25 were as follows:

Landscaping, Fencing, Tree works, gates and street Furniture-Broomhill		455.00
Remaider of s106 Money for Recreation use		2,031.00
Defib Annual Service Scheme		126.00
IT Provision		1,200.00
Noticeboard Maintenance		700.00
New Planting		453.55
Christmas Trees		384.00
Car Park Works		663.00
Highways Projects - e.g. SID/SLR + Gateway Entry/verges/pull-ins		5,688.00
Repairs and Maintenance - Recreation Ground		551.00
Climate Change/Biodiversity		2,000.00
Elections		2,250.00
Projects		3,500.00
Tennis court refurbishment fund		8,300.00
Playground equipment reserve		29,300.00
TOTALS		57,601.55

These reserves are appropriate for this Council – there is evidence of review and use of earmarked reserves on the Capital and Revenue Projects spreadsheet.

General reserves at year end were £40,156. This is more than the value of the precept and above levels recommended by NALC. The Council is reminded that it has no power to hold funds with no specific purpose, and this must be taken into account when next setting budget and precept.

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 £36,886 (23-24 £34,526). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £4,794 (23-24 £2,188). No testing completed, minimal income apart from VAT refunds and bank interest, 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 £7,122 (23-24 £6,823).

I tested Clerk's salary for August 2024. 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.

I have viewed the Council's HMRC login. This confirms submissions and payments are up to date. There is a small credit on the account, resulting from a historic overpayment of payroll taxes.

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 £118,590 (23-24 £113,932)

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 NALC Practitioners' Guide. The RFO provided details of changes to the asset register in 24-25 as follows

- Disposals - £420 – removal of litter bins
- Additions £5,078 – addition of playground slide £3480 – missed in previous year , upgrade of CCTV and new bins

The slide should have been added to the asset register prior to 24-25. As a result, the prior year asset register value on the AGAR should be changed to £122,070, and the AGAR marked as restated.

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 December 2024. 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. I note that at 31 December the Council held more than £60K in a Lloyds deposit account paying around 1%. The Council may wish to look at accounts paying better rates of interest for cash that is not needed in the near future.

Final Audit

Cash per box 8 to the accounts was £97,757 (23-24 £85,792)

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 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 23-24 AGAR was set as follows

Inspection - Key date	23-24 Actual
Accounts approved at Full Council	13 May Full Council
Date Inspection Notice Issued and how published	2 June noticeboards and website
Inspection period begins	3 June
Inspection period ends	12 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 23-24 Accounts

Interim Audit

The Council has received the 23-24 external audit report, dated 19 August. A clear opinion was reported, bar 2 minor typographical errors that were corrected before sign off. A conclusion of audit notice was published on the website on 27 August, 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 September 24 Full Council and an appropriate minute recorded (minute 24/225)

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 - Interim Audit

Matter Arising	Recommendation	Council Response
I note that at 31 December the Council held more than £60K in a Lloyds deposit account paying around 1%.	The Council may wish to look at accounts paying better rates of interest for cash that is not needed in the near future.	Noted for consideration at meeting in March

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
General reserves at year end were £40,156. This is more than the value of the precept and above levels recommended by NALC.	The Council is reminded that it has no power to hold funds with no specific purpose, and this must be taken into account when next setting budget and precept.	
Fixed asset balance 23-24 on AGAR	The slide should have been added to the asset register prior to 24-25. As a result, the prior year asset register value on the AGAR should be changed to £122,070, and the AGAR marked as restated.	

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	Limited assurance review in 23-24	Council complete review in 23-24
O	Trust Funds	No trusts at this council