

Jennie Currie
Sutton Courtenay Parish Council

9 April 2024

Dear Jennie,

Sutton Courtenay Parish Council

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 15 November, this concentrated on in year financial transactions and governance controls. The final audit was carried out remotely on 9 April and concentrated on the statement of accounts and balance sheet.

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6 Uplands Road. Farnham GU9 8BP

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 receipts and payments are balanced to the cashbook and reconciled to bank statements on a regular basis. In the course of my testing I confirmed there is a clear audit trail from the accounts to supporting documentation such as invoices. The Council may wish to consider installing an accountancy system, such as Scribe / RBS Alpha or Edge, given increased levels of turnover. This would

- Save time for office staff (for example in producing financial reports or the VAT return)
- Reduce risk of manual error
- Improve financial reporting available to the Council.

I was able to agree the opening balances in the cashbook back to the audited accounts for 22-23, by recreating the bank reconciliation for the year. I checked arithmetic within the spreadsheet and found no error that will impact on the accounting statements.

The Council last submitted a VAT claim for the period November 22 to February 23. This was audited as part of my 22-23 work. It is recommended that the Council moves to a system of reclaiming VAT twice a year, and that the VAT claims should align with the financial year end – i.e – claim 1 for April to September, and claim 2 for October to March.

The Council received a clear audit certificate in 22-23, with a minor point reporting that follow up information was requested. There is nothing to take forward to the 23-24 accounting year.

Final Audit

The accounting statements have been agreed back to year end reports produced from the accounting system. 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 Council has submitted 2 VAT returns in 23-24, covering the whole of the financial year. The VAT return for the period 1 October 23 to 28 Feb 24 was submitted on 4 March 24. The Council is up to date with VAT submissions.

I am pleased to note that the Council has set up the Scribe accounting system for the 24-25 financial year. This will assist in making managing of the Council's finances more efficient.

My interim report was considered at the December Council meeting (minute 209b)

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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 – minute 2023/079. The Council should note that NALC is currently working on a rewrite of the Financial Regulations template, this will need to be considered when SCPC next reviews its own regulations.

The Council has a clear process for making payments to suppliers. Each month the Clerk prepares a payment list, which is presented to the Council meeting, along with paper copies of invoices. Invoice approvals are listed in minutes. Payments are then set up by the Clerk and authorised at bank by 2 councillors. There is adequate separation of duties in this system.

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
- Expenditure appropriate for this Council
- Payment approval noted in minutes
- VAT accounting correct

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 169,841, down from £320,493 in 23-24 .

I tested 4 further payments amounting to £64K. I agreed accounting entries to invoice, and confirmed, by viewing the Council's bank account, that all payments had been set up at bank by the Clerk and approved by 2 councillors. For all payments tested I was able to confirm that financial regulations had been followed.

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 1/10/23, running “until the policy is cancelled”. Asset cover appeared satisfactory. Assets insured are:

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April Skies

Accounting

Item description	Excess	Amount Insured
Total Buildings	£250	£27,558
Gates and fences	£250	£20,000
Fixed outside equipment	£250	£1,000
Street furniture	£250	£23,790
War memorials	£250	£32,959
Playground equipment	£250	£345,600
Sports surfaces	£250	£0
Other surfaces	£250	£10,000
Rent receivable	£250	

Money cover is sufficient at £250K. This is comfortably in excess of cash balances held by the Council. The Council is not covered for cyber risks in the insurance policy. I recommend that cyber risks are considered as part of the risk assessment going forward, and that consideration given to purchasing cyber insurance if the Council considers this necessary.

The Council backs up computer data to Google Drive. The laptop has a live backup to Google Drive which includes the HMRC PAYE Basic data. The email system is held on a remote server with the IT provider.

In response to recommendations raised at my last audit, the Council has now drawn up a Risk Management Policy, which includes the Council's risk register. I reviewed the schedule of risks relating to finances and administration of the Council, this appears sufficient for a Council of this size and activity level. The risk assessment was considered at the Full Council meeting in November 2023 – Agenda item 16a)

The Council considered my last report at the meeting in June 23 – minute 2023/110. Minutes show proper consideration and discussion of recommendations raised.

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 is well advanced in preparation of the 24-25 precept and budget. The draft budget will be considered at the meeting on 21 November, reserves will be reviewed as part of this process. The budget and precept will be further reviewed at the meeting in December, with a January meeting available for any late amendments. I am satisfied that all precepting authority deadlines should be met.

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I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings, by reviewing minutes. I confirmed that the quarter one budget and reserves report was discussed at the July meeting of Full Council (minute 2023/128) I reviewed the Council's budget position at the end of September 2023. No budget overspends were identified, with funding streams identified for projects.

Final Audit

Reserves at 31 March 2024 were £142,844 (22-23 £158,174).

The Council records reserves on a separate tab on the accounts workbook, transfers are made in and out of reserve accounts in the course of the year as reserves funds are spent or increased. Reserve balances at 31.3.24 were:

Reserve	Balance at 31.3.24 (£)
Village Hall	10,865
CIL	101,454
SI06 Paths	2,768
General Reserve	27,758
TOTAL	142,845

General reserves at year end were £27,758. This represents 35% of precept, which is at the lower point of recommended levels set out in the NALC Practitioners' Guide. The Council should take care to ensure that reserves do not fall below this level. I note that the precept for 24-25 has been increased by £10k to improve the general reserve.

The budget and precept for 24-25 were reviewed and approved at the Full Council meeting on 5 December 2023 (minutes 23/210) A precept of £92,800 was set. The budget is published within minutes, and will be loaded on to the Scribe accounting system which will be used for 24-25.

I am satisfied that the Council met the requirements of this control objective.

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

Interim Audit

I tested 2 transactions, with a value of £4.8K. For both transactions tested I agreed cash book entry to remittance advice notes from principal councils

Final Audit

Precept per box 2 to the accounts was £79,500 (22-23 £79,262). This has been agreed to third party documentation provided by external audit.

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Income per box 3 to the accounts was £103,723 (22-23 £234,345). I reviewed 2 large credits selected from the cashbook, amounting to £75K. These were agreed to remittance information from the district council and were checked into the bank account. I also confirmed that these receipts were allocated to appropriate earmarked reserves

I am satisfied that the requirements of this control objective have been met.

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 £28,712 (22-23 £17,748).

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 as published on the JNC payscale for 22-23 (still in force at the time of my audit). I checked payment made to HMRC back to the payroll for August.

I have one recommendation. The Clerk should be issued with a new contract, to reflect increased hours agreed with the Council. The existing contract states working hours are 80 per month.

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 £454,094 (22-23 £367,157)

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

- Assets added to asset register £89K. This includes 12 bench seats, these have been checked to invoice for correct accounting
- Disposals - £1.5K

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I recommend that the asset register is transferred on to the Scribe system in the course of the next few months, this will improve accounting records and reduce any risk of error

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 reviewed regularly.

I reformed 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. Prepayment card balance of £200 has been agreed to a statement from the provider.

I note that the reconciliation has been reviewed by Councillor Dolby , and this review properly evidenced on the reconciliation and the bank statements. The reconciliation was reported to the October Council meeting (minute 2023/164).

Final Audit

Cash per box 8 to the accounts was £142,844 (22-23 £158,174)

I reformed the year end 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 in the accounting work book . I recreated the year end bank reconciliation using data extracted from the cashbook, to ensure arithmetic in the cashbook and the reconciliation was correct.

The bank reconciliation was had not yet been reviewed by a councillor, this is to be expected given that the audit was completed in the first week of April. The review should be completed before files are sent to external audit.

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 – Accounts have been produced on a receipts and payments basis, this is appropriate as income and expenditure at the Council is below £200k. Table I below sets out levels of receipts and payments over the last three accounting years.

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	21-22	22-23	23-24
Receipts £	114585	313607	183223
Payments £	75319	338241	198552

This confirms the account is permitted to produce accounts on the receipts and payments basis.

K: If the authority certified itself as exempt from a limited assurance review in 22-23, it met the exemption criteria and correctly declared itself exempt.

Not applicable, limited assurance review completed 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 22-23 AGAR and 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.

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	10 May Full Council
Date Inspection Notice Issued	13 June
Inspection period begins	14 June
Inspection period ends	25 July
Correct length	Yes

The Council has met the requirements of this control objective.

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N: Publication requirements 22-23 AGAR

The statement of accounts, annual governance statement and the external audit certificate for 22-23 are published on the transparency page on the Council website. The Conclusion of Audit certificate was published on 14 September, after the date of the audit certificate (8 September). The audit certificate was clear, bar a minor point in the matters arising section about working paper submission. The external audit certificate was reported to the October meeting of Full Council (minute 2023/164b). An archive of AGAR reporting is held on the website, as required by regulations.

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. 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

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Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
The Council may wish to consider installing an accountancy system, such as Scribe / RBS Alpha or Edge, given increased levels of turnover.	This would <ul style="list-style-type: none"> - Save time for office staff (for example in producing financial reports or the VAT return) - Reduce risk of manual error - Improve financial reporting available to the Council. 	Now implemented
The Council last submitted a VAT claim for the period November 22 to February 23.	It is recommended that the Council moves to a system of reclaiming VAT twice a year, and that the VAT claims should align with the financial year end – i.e – claim 1 for April to September, and claim 2 for October to March.	Now up to date
The Council is not covered for cyber risks in the insurance policy.	I recommend that cyber risks are considered as part of the risk assessment going forward, and that consideration given to purchasing cyber insurance if the Council considers this necessary.	Council resolved not to take up insurance, will be added to risk assessment
The clerk should be issued with a new contract, to reflect increased hours agreed with the Council.	The existing contract states working hours are 80 per month	No in place

No recommendations at final audit

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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