

Elaine Small
Garsington Parish Council

12 June 2023

Dear Elaine,

Garsington Parish Council

Internal Audit 22-23

The internal audit of Garsington Parish Council for the 2022-23 financial year is now complete. The audit was carried out remotely during the week of 8 June 2023.

I report that I have signed off the internal audit section of the Annual Governance and Accountability Return (AGAR) for 2022-23 with one exception:

C - The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council has not reviewed the risk assessment at a meeting of Full Council in 22-23
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I also recommend that the Council marks assertion 5 on the Annual Governance Statement as 'NO', and prepares a note for external audit setting out how this weakness is to be addressed.

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. At appendix B I list tests not completed as they are not relevant to this council.

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.

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

The Council maintains financial records on an excel spreadsheet. I would support a move to an industry specific accounting system such as RBS or Scribe. I believe this would improve financial reporting and save time in producing finance reports. 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 2021-22 by recreating a summary cashbook in excel. There was an error of £148 on the original draft of the accounts, this has now been corrected. 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 received a qualified audit opinion for 2021-22 – this is followed up in section L below. A point was also raised regarding a small difference on the bank reconciliation, see section I.

The Council has not yet submitted the VAT return for 22-23. This is due to be completed in July, I am satisfied that the VAT claim is in hand.

The accounting statements have been agreed back to bank reconciliation and cashbook reports produced from the Council's excel 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 £60,262, up from £37,112 in 2021-22.

Standing Orders and Financial Regulations are were last reviewed at the Council meeting in August 2022. Documents used at Garsington are not NALC template documents. It is recommended that at next review the Council amends financial regulations and standing orders to follow NALC templates.

The Council has a clear system for making payments to suppliers. All invoices for payment are compiled by the Clerk each month, and sent to councillors for review. These invoices are then approved for payment at a Council meeting – payments are then set up for payment at bank by one councillor, and authorised by a second councillor / signatory.

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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
- Approval for payment checked to minutes of a council meeting
- VAT accounting correct

I am satisfied that the Council met this control objective.

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 May 2024. Asset cover appeared satisfactory with coverage included for the following assets, amongst others

- Playground Equipment – sum insured £135K
- Stone Cross – sum insured £23K

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

All computer data is backed up to a cloud server – in additions there is a Seagate Backup Plus drive added to on a regular basis.

The risk assessment has not been reviewed at a meeting of the Council in the course of the 22-23 financial year. There is a financial risk assessment on file, but this has not been updated for some time, and was last reviewed at a Council meeting in August 2021. I recommend that the Council draws up a risk assessment in the next 2-3 months and reviews this at a Full Council meeting. I cannot therefore sign off that the Council has met the requirements of this control objective. I also recommend that the Council marks assertion 5 on the Annual Governance Statement as 'NO', and prepares a note for external audit setting out how this weakness is to be addressed.

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

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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.

Reserves at 31 March 2023 were £43,978 (21-22 £79,840).

The precept and budget for 2022-23 were approved at the Council meeting in January 2023. A precept of £28,800 was set. I recommend that the approved budget is included in minutes in future years, this sets out clearly the budget approved by Council.

Earmarked reserves at year end were CIL - £35K, with a small grants reserve. The general reserve was £8,430. This represents 35% of precept, and is therefore within levels recommended in the JPAG Practitioners' Guide.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings by reviewing minutes. At each monthly meeting, the Council reviews a budget against actuals report, which includes a year-end forecast. I reviewed the report produced for the December meeting, the report is derived directly from the cashbook.

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

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 £24,000 (2021-22 £23,929). This has been agreed to third party documentation provided by central government

Income per box 3 to the accounts was £13,671 (2021-22 £39,540).

I checked 2 transactions. A credit of £525 from Co-op funeral services was agreed to invoice

£3000 credit for SODC was checked to bank. The Council should obtain a copy of the remittance advice from the district council for its files.

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

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.

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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 £13,271 (2021-22 £11,010).

I confirmed that the accounts only include payments relating to employment of staff in box 4 to the accounts. I tested the February 2022 payment to the Clerk, and was able to agree the cashbook entry to payslip. I have confirmed that the new Clerk has a signed contract, and will test her pay at my next audit.

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

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

Fixed assets per box 9 to the accounts were £ 146,940 (21-22 £136,923).

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. There is scope to improve asset records, assets are currently recorded with a generic description with no information on location and detail of the asset. The asset register should list individual assets, together with location and description, this will enable the asset register to be kept up to date as assets are added and disposed of.

Additions to the asset register have been correctly added at cost. Additions for 22-23 are:

£1228 – tree planting
£4665 – playground equipment
£4126 – new SID

I am content that this control objective has been met.

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

Final Audit

Cash per box 8 to the accounts was £52,156 (20-21 £68,781)

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 at Council meetings.

I reperformed the year end bank reconciliation. I was able to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the excel spreadsheet. I recommend that the bank reconciliation and bank statements should be signed off as reviewed by a councillor at least once a quarter. The bank reconciliation agrees to box 8 in the accounting statements, this clears a point raised by external audit in 21-22.

I am satisfied that the Council met this control objective.

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 – Garsington has compiled accounts on the receipts and payments basis, which is permitted as both receipts and payments are below £200K.

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.

Not applicable, Council completed limited assurance review.

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 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. External audit raised the following point in their 21-22 audit report:

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The Council has not fully met the requirement of the Accounts and Audit Regulations 2015, Regulation 13 (2)(b) which states each Annual Governance and Accountability Return together with any other documents published under Regulation 13(1) should, on conclusion of the audit, be available for public access for a period of 5 years from their initial publication date which includes publication on the Council's website. A brief review of the website shows nothing prior to 2018-19 is available and also the annual return for 2019-20 is not accessible. The Council should bring this into line with the regulations as soon as practically possible and carefully consider its response to Assertion 3 for 2022/23.

I have reviewed the website and this issue has now been addressed. AGAR documentation going back to 2017-18 is now published on the Council 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	9 May Full Council
Date Inspection Notice Issued and how published	10 June
Inspection period begins	13 June
Inspection period ends	22 July
Correct length	Yes

The Council met the requirements of this control objective.

N: Publication requirements 2021-22 AGAR

The Statement of Accounts, Annual Governance Statement and the external audit certificate are published in the annual return folder, accessible from the Council website. The external audit certificate was clear, so there are no matters to take into consideration in the 2022-23 accounts. The Conclusion of Audit certificate was published on 7 September, after the date of the audit certificate (6 September) and before the regulatory deadline (30 September) . The external audit certificate was reported to the meeting of Full Council on 3 October. The Council met the requirements of this control objective.

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. This has been confirmed to the Charity Commission register of charities.

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April Skies

Accounting

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

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Appendix A – Recommendations

Points Forward – Action Plan

Matter Arising	Recommendation	Council Response
The Council maintains financial records on an excel spreadsheet.	I would support a move to an industry specific accounting system such as RBS or Scribe. I believe this would improve financial reporting and save time in producing finance reports	
Standing Orders and Financial Regulations documents used at Garsington are not NALC template documents.	It is recommended that at next review the Council amends financial regulations and standing orders to follow NALC templates.	
The risk assessment has not been reviewed at a meeting of the Council in the course of the 22-23 financial year. There is a financial risk assessment on file, but this has not been updated for some time.	I recommend that the Council draws up a risk assessment in the next 2-3 months and reviews this at a Full Council meeting	
I cannot sign off that the Council has met the requirements of control objective C.	I also recommend that the Council marks assertion 5 on the Annual Governance Statement as 'NO', and prepares a note for external audit setting out how this weakness is to be addressed.	
Budget approval	I recommend that the approved budget is included in minutes in future years, this sets out clearly the budget approved by Council, as well as the precept.	

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<p>There is scope to improve the asset register, assets are currently recorded with a generic description with no information on location and detail of the asset. .</p>	<p>The asset register should list individual assets, together with location and description, this will enable the asset register to be kept up to date as assets are added and disposed of.</p>	
<p>Bank reconciliation</p>	<p>I recommend that the bank reconciliation and bank statements should be signed off as reviewed by a councillor at least once a quarter.</p>	

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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
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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