

Beverley Bell
Clerk to Cranleigh Parish Council

7 November 2024

Dear Beverley

Cranleigh Parish Council - Internal Audit 24-25
Interim Audit

Following the interim audit completed on 7 November, I attach my report for consideration by the Council. This was the first of two audits I intend to carry out to support my opinion on the 24-25 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 23-24 audit opinion
- Follow up previous recommendations
- Testing of expenditure first 7 months of financial year
- Testing of income – first 7 months of financial year
- Risk management and insurance
- Salaries and wages
- Budget monitoring reports
- Arrangements for inspection of accounts
- Bank reconciliations.

I am pleased to report that overall Council has successfully maintained a satisfactory system of financial control. I have no recommendations at this time.

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The internal audit reports should therefore be made available to all members to support and inform them when they are considering the Authority's approval of the annual governance statement. I am required by Section 4 of 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 testing carried out at the interim audit.

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A. Books of Account

Interim Audit

The Council uses RBS Omega, an industry specific accounting package, alongside the purchase and sales ledger modules. Room bookings are recorded on an outlook calendar, and bookings invoices are generated from these records. The Omega system is used to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered, and that the accounts were up to date. My audit testing showed that supporting documentation could be readily located from records recorded on the Omega System. There have been no changes since 23-24.

I tested opening balances on the Omega system at 1.4.24 and confirmed they could be agreed back to the audited accounts for last financial year. Box 7 on the Agar for 23-24 was £490,429, this has been agreed to the opening balance sheet on the Omega system.

I confirmed that the Council's VAT returns are up to date, with VAT claimed to the end of September 2024. VAT reclaimed was £82,478. I checked that figures in the VAT return have been derived directly from the RBS system and confirmed with the Clerk that the return was submitted to HMRC. I checked the refund into the bank account, this was banked on 15th October. The Q2 VAT claim has been agreed to the month 6 balance sheet, so the VAT nominal account is in balance. The Clerk confirms that the Council has opted to tax the Village Hall – the VAT on works to the building can be reclaimed, and VAT will need to be charged on income generated by the building.

B. Financial Regulations & Payments

Interim Audit

Financial Regulations and Standing Orders are both based on NALC templates. Both documents were approved at the May meeting of Full Council (Minute 14). The Council has adopted the new financial regulations template published by NALC in May 24 as the basis for the new financial regulations.

The Council has a robust process for authorisation of payments to suppliers. The Council approves expenditure via the annual budget process, Payments are approved at a Council meeting, this is notified in minutes and by a dual signature process by councillors, who sign invoices as ready for payment. Payments to suppliers are set up at bank by a member of staff and authorised by a two councillors. The clerk logs in to the bank account and downloads authorisation records (this is necessary as the bank does not retain authorisation data).

I tested a sample of payments selected at from the cashbook for the first 7 months of 2024-25. For all payments tested I was able to confirm

- Payment per cash book agreed to invoice
- VAT correctly accounted for
- Expenditure appropriate for this council
- Invoice signed off by 2 councillors
- Printed bank records show payment authorised by two councillors

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I note that printed bank authorisation was not on file for four payments tested – this is due to technical issues with bank. , I have checked authorisation to meeting minutes, and confirmed councillor signature on invoices, so I am content that payments were authorised in line with financial regulations

I confirmed that the Council has followed financial regulations in letting contracts for the following high value projects:

- Village Hall building works
- Theatrical fit out
- Footpath work

All three contracts were advertised on the Find a Contract website.

I provided advice on the Council's banking arrangements. The Council may wish to approach the bank to increase the £5000 transaction limit. Given the technical issues the Council has experienced with the electronic payment process, alternative banks may need to be considered.

C. Risk Management & Insurance

Interim Audit

The Council undertakes a full risk assessment annually. I have confirmed with the Clerk that the risk assessment will be approved at the January 2024 meeting of Full Council. I will review this at my final audit visit.

I have confirmed that the Council has a valid insurance certificate, with an expiry date of August 2025. Insurance has been arranged by Clear , and the Council is insured with Aviva, Asset cover is monitored by the Clerk and is checked against insurance values held in the asset register. 10 buildings are insured. Asset insurance cover is as follows

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Property Insured	Declared Value	Sum Insured
Buildings	£6,204,054	£7,444,864
Contents	£167,103	£200,523
Other Property Insured away from the Premises		
Street Furniture	£100,000	£120,000
Walls, Gates and Fences	£104,941	£125,929
Playground Equipment	£298,864	£358,636
CCTV Equipment	£44,613	£53,535
War Memorials	£75,000	£90,000
Ground Surfaces	£365,674	£438,808
Mowers and Machinery	£68,575	£82,290
Sports Equipment	£61,754	£74,104
Regalia	£2,145	£2,574
Terrorism	Not Insured	

The Village Hall is insured at a value of £3.3million. The Clerk confirmed that the insurance value of this building has been increased to reflect the works at the building. Fidelity cover is set at £1million, this is sufficient given cash holdings at the Council.

The Clerk completed a backup test of Rialtas data in October 2024. It is recommended that the ICT company is asked to complete a test restore of sharepoint data as part of the risk assessment process.

D. Budget, Precept & Reserves

Interim Audit

The Clerk confirmed that the 25-26 budget process is under way. I will review outputs from this process at my year end audit. The Council continues to review budget against actuals each quarter, as required by financial regulations. The quarter two budget monitoring report is due to be discussed at the Finance Committee meeting in November. The Clerk prepares a narrative note and screen presentation setting out variances identified as part of the budget monitoring process, and these notes are recorded in minutes. I reviewed the quarter 2 report, no significant overspends were reported

As usual, I will review reserves at my year end audit.

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E. Income **Interim Audit**

The Council has a number of income streams, outside of the precept. These include the following:

- Hall hire - Village Hall / Pavilion and Youth Centre
- Football pitches
- Cemetery fees

I tested a sample of transactions selected from the first seven months of the financial year. For all transactions tested, I was able to agree income credited on the accounting system back to bank statement, and to an invoice, and where appropriate, burial records and approved cemetery fees. My testing included 2 grant receipts

- £307,754 – grant From DLUHC – agreed to grant notification
- £26,497 – grant for playground - agreed to remittance from solicitor

I reviewed the sales ledger. The sales ledger balance at 7 November stood at £15K. Of this balance, there is only one debtor account of concern. The Clerk confirmed this account is being closely monitored and reported to Councillors. I advised that this debt should not be allowed to increase given the nature of the debtor, and that weekly payments could be considered.

F. Petty cash

Year end test

G. Payroll

I tested the August payroll. 3 staff payments were tested, I agreed payments for 3 staff from cashbook to payslip. From there I agreed gross pay back to pay award letters.

I am satisfied staff are being paid approved rates of pay, and that this is being accurately recorded in the cashbook

H. Assets and investments

The Clerk confirmed that the fixed asset register has been updated to reflect works at the Village Hall. Assets and works have been added to the asset register at cost, and old assets removed. This appears compliant with guidance in the Practitioners' Guide, I will test in detail at year end.

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I. Bank reconciliations

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The Council has one current and one investment account. Bank reconciliations are completed weekly by the clerk, these are then reviewed monthly by a councillor by a Councillor who is not a signatory, and reported to the monthly Council meeting. There is clear evidence that bank reconciliations are being completed promptly.

I reformed the bank reconciliation for September 2024. I completed the following test:

- Agreed cashbook balances to Omega system (month 6 balance sheet)
- Agreed bank balances to bank statements
- Checked arithmetic in the bank reconciliation
- Confirmed councillor review of the bank reconciliation

I am satisfied the system of bank reconciliation is working effectively

J. Year-end accounts

Year end test

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

Interim Audit

Yes, the Council meets the requirement of the Code by publishing information on the Council website, mainly on the Financial Information page. I checked that the following information was up to date at the time of the interim audit:

- Payments data – published to end of September 2024 – purchase ledger reports published
- Parking data – details of parking income for Snoxhalls Field published

I am satisfied the Council is meeting the requirements of the Transparency Code

M: Arrangements for Inspection of Accounts

Interim Audit

Inspection periods for 23-24 were set as follows

Inspection - Key date	23-24 Actual
Accounts approved at Full Council	16 May Council
Announcement	30 May
Inspection period begins	3 June
Inspection period ends	12 July
Correct length	Yes

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

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N: Publication requirements 2024 AGAR

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I confirmed that the Council has correctly loaded the audited accounts, annual governance statement and audit certificate for 23-24 on to the Council website. The conclusion of audit certificate has been correctly published, with a date of 12 August, in advance of the 30 September deadline. The Council received a clear audit certificate from the external auditors dated 7 August, so there are no matters to be taken into consideration in 24-25. The audit certificate was reported to Council at the September meeting (minute 9.5).

O. Trusteeship

Interim Audit

The Council is Trustee of The Snoxhall Field - Registered Charity: 1178530.

The 23-24 annual return was submitted to the Charity Commission on 6 August 2024, before the regulatory deadline. A meeting of the Charity was held separate to Council meetings in May 24, approval of the annual return was minuted at this meeting. No independent examination is required for this charity as there is no income or expenditure.

I would like to take this opportunity to thank you for your assistance with the audit. I attach my invoice. I will be in touch in the new year to make arrangements for the year end audit.

Yours sincerely

Mike Platten CPFA

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Accounting

APPENDIX A
Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
None		

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