

Beverley Bell  
Clerk to Cranleigh Parish Council

7 April 2025

Dear Beverley

**Cranleigh Parish Council - Internal Audit 24-25**  
**Final Audit**

The internal audit for the 24-25 financial year is now complete. I am pleased 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 24-25. Recommendations are set out at Appendix A. Areas not tested because they are not relevant to this Council are listed at Appendix B.

The audit was carried out in two stages. The interim audit was carried out on 7 November, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 7 April and concentrated on the statement of accounts and balance sheet.

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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 15<sup>th</sup> 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.

### **Final Audit**

The accounting statements have been agreed back to year end reports produced from the Rialtas accounting system. All comparatives reported in the financial statements have been agreed back to the audited 23-24 accounts, as published on the Council website. Arithmetic in the financial statements has been checked.

I confirmed that the VAT return for period January to March 25 has been completed and was submitted to HMRC on 4 April 2025. VAT of £9,858 was reclaimed, the Council is up to date with VAT.

My interim report was considered at the November Full Council meeting ( minute 10.6)

### **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

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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

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.

### **Final Audit**

Non pay expenditure per box 6 to the accounts amounted to £ 875,908 up from £462,493 in 23-24 . The increase is due to works at the Village Hall.

I tested 4 further payments from the final 3 months of the financial year and confirmed the following:

- VAT correctly accounted for
- Expenditure appropriate for this council
- Invoice authorised by 2 councillors at bank - checked to bank audit log
- Payment per cash book agreed to invoice
- Invoice signed off by 2 councillors

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### 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

Property Insured	Declared Value	Sum Insured
Buildings	£6,204,054	£7,444,864
Contents	£167,103	£200,523
Other <b>Property Insured</b> away from the <b>Premises</b>		
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.

### Final Audit

The Council reviewed and approved the Risk Management Policy at the annual meeting in May. The Risk Assessment was considered at the 16 January meeting of Full Council (minute 16). I have reviewed the risk assessment and it appears sufficient for a council of this size, with evidence of update in year. The risk assessment is supported by detailed risk assessments for individual activities and assets. A new risk assessment relating to sexual harassment has been added this financial year.

The Clerk shared evidence of test restore of SharePoint data completed in October 24.

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## 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

### Final Audit

Reserves at 31 March 2025 were £394,207 (23-24 £490,429).

General reserves at year end were £202K . This represents 37% of precept, which is at the mid-point of recommended levels set out in the NALC Practitioners' Guide. General levels are held at an appropriate level.

I reviewed earmarked reserves. The largest earmarked reserves are:

- £76K - Village Hall Phase 2 – this is CIL money, some of this needs to be spent by end of 2026.
- £44K - MUGA - s106 monies
- £27K – Snoxhall pavilion, part of this will be spent on the machine shed.

Other reserves are in place to support assets, expenditure contingencies and projects. I am satisfied that earmarked reserves are well managed and appropriate for this Council.

The 25-26 budget was approved at the Full Council meeting on 12 December 2024 (minute 9.5), alongside the precept, which was set at £597,902 . A balanced budget was set, this is summarised below:

	£K 25-26 budget	£K
Income	149	
Precept	598	
		747
Expenditure	663	
Maintenance		
Plan	33	
Business Plan	20	
PWLB repayment	27	
Election	4	
		747

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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.

#### **Final Audit**

Precept per box 2 to the accounts was £539,388 (23-24 £487,004). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £516,058 (23-24 £167,174). I reviewed a small sample of income credits from the final quarter of the financial year. For transactions selected I was able to agree income back to invoice, and to appropriate supporting documentation.

### **F. Petty cash**

#### **Final Audit**

£250 petty cash was held at year end. I checked this has been counted and that cash reconciles to accounting records. The count was signed off by the Clerk and a councillor.

### **G. Payroll**

#### **Interim and Final Audits**

Staff costs per box 4 to the accounts were £275,760 (23-24 £251,328).

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

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The Clerk logged into the Council's HMRC Account and confirmed there were no monies outstanding in respect of tax or NI.

At the year-end audit I confirmed that box 4 on the accounting statements only contained staff salary and payroll costs, as required by regulations.

### **H. Assets and investments**

#### **Final Audit**

Fixed assets per box 9 to the accounts were £ 2,721,676 ( 23-24 £2,337,488).

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, with sufficient detail to locate all assets listed.

Additions of £441K have been recorded on the asset register. A schedule of additions has been provided. I tested one major addition - £236K theatre lights and sound system, to invoices, and can confirm the asset has been correctly added to the asset register at cost.

Deletions of £57K have been processed in 24-25. A schedule of assets disposed of has been supplied.

I am satisfied fixed assets are properly accounted for.

### **I. Bank reconciliations**

#### **Interim Audit**

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

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## **Final Audit**

Borrowings per box 10 to the accounts were £nil (23-24 £ nil)

Cash per box 8 to the accounts was £376,690 (23-24 £496,077)

I reformed the year end bank reconciliation. I agreed all balances in the bank reconciliation back to the accounting system reports and to bank statements. The year end bank reconciliation was found to be accurate - review will be completed at the April meeting where Councillor signature will be provided.

## **J. Year-end accounts**

Cranleigh PC has produced accounts on an accruals basis, this is required as income / expenditure is above £200k. A reconciliation between Box 7-8 of the accounts has been prepared, for external audit review, and creditor and debtor listings support this reconciliation. An explanation of year-on-year variances has also been prepared and provides detailed explanations for review by external audit.

**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

## **Final Audit**

I confirmed expenditure data was published to the end of March – carpark and CIL reports will be updated once reports are received from Waverley.

## **M: Arrangements for Inspection of Accounts**

### **Interim Audit**

Inspection periods for 23-24 were set as follows

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

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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.

**N: Publication requirements 2024 AGAR**

**Interim Audit**

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 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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# April Skies

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Accounting

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**APPENDIX A**  
**Points Forward – Action Plan - Interim and Final Audits**

<b>Matter Arising</b>	<b>Recommendation</b>	<b>Council Response</b>
None		

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# April Skies

Accounting

## Appendix B

### Internal Audit Control Objectives – Marked as not covered

Control Objective	Area for Audit	Why this has not been audited
K	Exemption from limited assurance review	Council had limited assurance review in 23-24

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