

Jackie Lines

Mundon Parish Council

April Skies

Accounting

6 April 2023

Dear Jackie,

Mundon Parish Council – Internal Audit 22-23

The internal audit of Mundon Parish Council for the 2022-23 financial year is now complete. The audit was carried out remotely on 6 April 2023.

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 2022-23 with no comments.

I set out the results of my audit in the attached report, with recommendations at Appendix A.

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. These will be followed up at my next audit.

You should now present this report to the next available meeting of Full Council, to assist councillors with the sign off of the Annual Governance Statement.

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

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

The Council maintains financial records on an excel spreadsheet. My testing confirmed that income and expenditure is balanced to the cashbook and reconciled to bank statements on a regular basis. I checked arithmetic within the cashbook, and confirmed it agreed to reporting in the bank reconciliation and the budget monitoring worksheet. In the course of my testing I confirmed there is a clear audit trail from the accounts to supporting documentation such as invoices.

I was able to agree the opening balances in the cashbook back to the accounts for 2021-22.

The Council reclaims VAT annually, which is sufficient for this smaller council. The VAT return for the year to 31 August 2022 was submitted to HMRC on 31 August 2022. The refund has been received.

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 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 £4,290, down from £5,556 in 2021-22.

Standing Orders and Financial Regulations are based on NALC templates. These were reviewed at the Council Meeting in March 2023, minutes 135 b and c.

The Clerk produces a payment listing each month and copies invoices to all councillors for review and authorisation. If all agreed, Clerk prepares online payments for the last working day of the month and dual authorisation is made by Cllr Attfield or Cllr Rowsell. All payments are reported in detail on each agenda and in the minutes.

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 reported within minutes of a Council meeting
- VAT accounting correct

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

One payment, to a solicitor, was made on the basis of an email requesting payment. I recommend an invoice should be requested in future.

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 Aviva Insurance, arranged by BHIB insurance brokers, on a standard local council package. The policy was in date at time of audit, with an expiry date of May 2023. No buildings are insured. Main areas of asset cover are:

- Playground - insured value of £48K
- War memorial - insured value of £24K
- Street furniture - insured value of £24K

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

The Council's risk register was considered at the Full Council meeting in January 2023 – minute 110a. I have reviewed the risk register and am satisfied that risks faced by a council of this size are properly documented. The risk assessment sets out the Council's document back up process: "Current papers are stored on the Clerk's computer and on an independent hard drive." There is scope to strengthen back up of council data by making use of cloud storage.

The Council has considered the final report of the previous internal auditor – Full Council meeting May 22, minute 21b, so has met its obligation to consider the work of audit.

I am satisfied that the Council met this control objective.

D - The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Final Audit

Reserves at 31 March 2022 were £14,291 (21-22 £15,571).

The precept and budget for 2023-24 were approved at the Council meeting in November 2022 – minute 100b, with final confirmation of the precept recorded in minutes of the January 2023 meeting.

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

The Council held general reserves of £1,874 at 31.3.23. This is 34% of precept and therefore within guidelines set in the NALC Practitioners' Guide. The Council also held earmarked reserves of £12,416 at 31.3.23, £11K in the church room fund and £1K in an election reserve.

I confirmed regular budget monitoring reports are being produced for review by Councillors within 5 days of each month end. A review of minutes shows budget monitoring is discussed regularly at Council meetings. I reviewed the report produced for the December 2022 meeting, the report was accurate, and is derived directly from the cashbook.

I am satisfied that the Council met 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 £5,500 (2021-22 £4,750.0). This has been agreed to third party documentation provided by central government

Income per box 3 to the accounts was £1,951 (2021-22 £130). I confirmed a receipt of £784 to a claim form for Locality Fund Grant from Essex CC.

I am satisfied that the Council met 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.

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 £4,441 (21-22 £3,967).

I confirmed that the accounts only include payments relating to employment of staff in box 4 to the accounts, allowances and expenses are correctly coded to other expenditure in box 6. - I tested the February 2022 payment to the Clerk, and was able to agree the cashbook entry to payslip. From there I was able to confirm gross pay hourly pay to a pay award letter signed by the Chairman on 1 December 2022

I am satisfied that the Council met this control objective.

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

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

Final Audit

Fixed assets per box 9 to the accounts were £ 10,962 (21-22 10,268). 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.

Asset register value has increased by £694 in 22-23 due to the purchase of a beacon and woodchipper, correctly added at cost.

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

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

Final Audit

Cash per box 8 to the accounts was £14,291 (21-22 £15,571)

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. 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. I note that the reconciliation has been reviewed by Councillor Attfield, and this review is properly evidenced on the reconciliation and the bank statements.

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 – Mundon has produced accounts on the receipts and payments basis, which is appropriate for a council with income and expenditure below £200K.

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

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.

The Council declared itself exempt in 21-22 and met the exemption criteria

- Income and expenditure below £25K
- The authority was in existence on 1 April 2018
- No statutory external audit reports

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 exemption certificate can easily be located on the website. The AGAR and supporting documents for the 5 previous financial years are published on the website, as required by regulations. 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 21-22 accounts were set as follows

Inspection - Key date	21-22 Actual
Accounts approved at Full Council	17 May Full Council
Date Inspection Notice Issued	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 exemption certificate are published on the accounts page of the Council website. The approval of the AGAR statements and the certificate of exemption were properly recorded in minutes of the meeting of Full Council on 17 May 2022.

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

April Skies

Accounting

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 by a search of the Charity Commission register of charities. Confirm all boxes are ticked

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

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

Appendix A – Recommendations

Points Forward – Action Plan

Matter Arising	Recommendation	Council Response
The risk assessment sets out the Council's document back up process: "Current papers are stored on the Clerk's computer and on an independent hard drive."	There is scope to strengthen back up of council data by making use of cloud storage.	
One payment, to a solicitor, was made on the basis of an email requesting payment.	I recommend an invoice should be requested in future.	

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP