

Marie Singleton
Clerk to Aldingbourne Parish Council

13 November 2023

Dear Marie

Aldingbourne Parish Council

Interim Audit 2023-24

Following the interim audit completed on 13 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 23-24 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 22-23 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 financial controls at the Council have continued to improve since my last audit. 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 - Appropriate books of account have been kept properly throughout the year

Interim Audit

The RBS Alpha accounting system is used effectively. Financial records were up to date at the time of my audit, and all referencing on the accounting system was clear. The accounts folder is updated each month, upon closure of the accounting period by the Clerk. Key documents, including the trial balance, nominal ledger, bank reconciliation and bank statements are printed and filed in the accounts folder, together with invoices from suppliers, remittance advices and sales invoices.

I reviewed VAT records on the Council's accounting system. The VAT return for the first 6 months of 23-24 has been prepared but has not been submitted to HMRC as yet, the Clerk confirmed that an annual VAT return will be submitted at year end.

I checked that the opening trial balance produced from the accounting system could be agreed to box 7 of the audited accounting statements for 22-23 (£348,701)

The Council reviewed my last audit report at the May meeting of Full Council. The recommendations raised were noted and an action plan agreed.

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

The Council has a well-established set of policies and procedures. These are published on the website, and are comprehensive, and subject to regular review. Financial Regulations were updated at the Full Council meeting of May 2023, alongside the Standing Orders and Code of Conduct.

I selected a small sample of expenditure transactions at random from the first six months of the financial year. For each transaction selected I completed the following tests:

- Checked payment per accounting system agreed to invoice,
- Confirmed that for BACS payments – transaction loaded to bank by Clerk, authorised by 2 from a panel of 6 councillors
- Checked payment approval noted in minutes of Council meeting,
- Checked payment listing signed by Chairman.
- Confirmed VAT accounting correct on the ledger
- Checked expenditure appropriate for the Council

The Council has a robust system for the authorisation of payments in place and financial regulations were followed for all transactions sampled. The Council is meeting this control objective.

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One item sampled was a payment of £7,837 to the Westergate Recreation Fund. I have confirmed this to minutes – see below, and note this is the transfer of charity monies, previously incorrectly held in the Parish Council accounts.

- a. It was noted that the NS&I Accounts were closed. It was agreed that the money from the Sportsfield Capitalisation fund was to be transferred to the Westergate Recreation Ground Fund Account - £7,387.89. Proposed Cllr Flitter, seconded Cllr Blaylock and agreed by all councillors in attendance.

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 Zurich Municipal on a standard local council package. The policy was in date at time of audit, with an expiry date of 31 May 2024. Fidelity insurance is set at £ 50,000. This was reviewed by Council as part of the insurance renewal process, and the Council is satisfied that coverage is sufficient, given mitigating controls such as dual signatory bank accounts.

Asset cover appeared satisfactory, with coverage consistent with the asset register. No buildings are insured, with the main assets covered as follows:

- Sport centre equipment – sum insured £50K
- CCTV - sum insured £14.5K
- Sculpture - sum insured £15K
- Bus shelter - sum insured £16K

The risk assessment for 2023/2024 was reviewed and approved at the Full Council Meeting 03.10.23 (minute 1244) Further risk assessment reviews are carried out every 6 months I have reviewed the risk assessment - it appears comprehensive and is actively managed by the Council, feeding into the budget setting process.

All computer data is backed up by the Council's IT contractor, JNR Computer Services . The Clerk has confirmed a successful back-up and restore test has been completed in 23-24. Accounting data is cloud hosted by the software provider, so the Council has assurance that the accounting data is backed up via contractual arrangements.

I am satisfied that the Council has met obligations in this area for 23-24.

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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.

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The Council is well advanced in preparations of the 24-25 budget. The 3 year business plan has been updated and reviewed by the Finance Committee - meeting of 17.10.23. This has been updated to include new projects, and potential CIL projects. The 24-25 precept was agreed at the Full Council meeting in November, subject to final confirmation at Full Council after receipt of tax base.

The Clerk continues to report the Council's budgetary position, as required by financial regulations. I confirmed the quarter 2 budget v actuals report was reported and discussed at the October meeting of Finance Committee (minute 193). I reviewed the report and no areas of concern were identified. I am pleased to see that the Council uses RBS reporting for all budget monitoring reports.

I will review reserves at my year end audit.

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

Interim Audit

The Council has received £48K CIL monies in the financial year to date . I agreed this to 2 remittance notes from ADC. Grants of £15K have also been received. I agreed details of the open spaces grant to a remittance note from ADC.

Precept and other income will be tested at year end.

F - Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

No 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.

Test at year end. I note the Clerk has had an increment change from August 2023 – this has been properly recorded via a signed letter from Chair of Governance and Staffing.

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

Year-end test

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

Interim Audit

I reviewed the Finance file, and this demonstrated that the Council bank accounts are being reconciled promptly each month, reviewed by a councillor, and balances reported at Full Council meetings. I reformed the September bank reconciliation and for both bank accounts I was able to:

- Confirm balances back to bank statements
- Check arithmetic
- Confirm cashbook balance to the Council's RBS accounting system
- Confirm the bank reconciliation has been subject to councillor review, properly evidenced on the bank reconciliation and the bank statement.

I note that the Council is currently reviewing deposit accounts available, in order to ensure rates of returns are improved. The Council has an investment strategy as required by regulations. This was approved at the Council meeting in March 2023.

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.

Interim Audit

I note that 23-24 is likely to be the second year where the Council's income exceeds £200k. Should this be repeated in 24-25, then the Council will need to move to accounting on an income and expenditure basis. This will require the Council to identify year end debtors / creditors and accruals. RBS will be able to assist with this process should it be necessary.

The Council will also need to meet the requirements of the Transparency Code should income exceed £200k. This is not onerous, Aldingbourne already meets most of the publishing requirements. An example of good practice in this area is :

[Transparency Information - Windlesham Parish Council \(windleshampc.gov.uk\)](http://windleshampc.gov.uk)

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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

Year end test

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	16 May Full Council
Date Inspection Notice Issued	4 June
Inspection period begins	5 June
Inspection period ends	14 July
Correct length	Yes

All regulatory requirements were met in this regard.

N: Publication requirements 22-23 AGAR

The external audit certificate, accounting statements and annual governance statement have been published on the Council website. The conclusion of audit certificate has been published, dated 28 September, before the deadline of 30 September and after the date of the audit certificate (17 September). There is an archive of AGAR documentation on the website, as required by regulations. The Council has met its obligations in this area.

O - Trust funds (including charitable) The council met its responsibilities as a trustee.

The council is trustee of the Westergate Recreation Ground – Charity 277880. The annual return for 22-23 has been submitted to the Charity Commission well before the statutory deadline. The Charity is held as a separate company on RBS, and separate meetings are held.

I attach my interim invoice. I will be in touch to make arrangements for the final audit in February. Please do not hesitate to contact me if you have any questions at all.

Yours sincerely



Mike Platten CPFA

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