

Marie Singleton
Clerk to Aldingbourne Parish Council

5 December 2024

Dear Marie

Aldingbourne Parish Council

Interim Audit 2024-25

Following the interim audit completed remotely on 5 December, 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 24-25 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 are still satisfactory. 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.

☎ 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

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 24-25 was submitted to HMRC on 7 October. I have agreed VAT reclaimed of £9205.45 back to a schedule of transactions on the RBS VAT report. This was credited to the cashbook on 21 October.

As reported at my last audit, the Council has moved to accounting on the income and expenditure basis for 24-25, and as a result of this the opening balance as at 1.4.24 has been restated, with the assistance of RBS, who supply the accounting system. I checked the following:

- Box 8 cash per audited 23-24 accounts was £460,222. Cash accounts per opening trial balance were £460,221.93.
- Box 7 - balances carried forward per audited accounts was £460,222. Restated trial balance as at 1.4.24 shows £489,329. The Council has shown me reasons for this £29,107 adjustment

Add VAT debtors - £7,742

Add prepayment - £21,365

The Council should retain records of this adjustment, this is likely to be reviewed by external audit as part of the 24-25 audit.

The Council reviewed my last audit report at the May 24 meeting of Full Council.

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 24. The new NALC template financial regulations have been adopted, these are published on the Council website.

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I selected a 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,
- 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.

I note a number of asset purchases have been made in 24-25. The Clerk confirmed that the asset register is updated as purchases are made – I will check this at my year end audit.

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 2025. 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 assets insured as follows

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April Skies

Accounting

Item Description	Sum Insured	Excess
Office furniture	£960.75	£100
7 Noticeboards	£7,783.65	£100
2 Wayside Seats	£945.00	£100
Aldingbourne Community Sports Centre Play Equipment	£95,000.00	£100
3 x Salt Grit Bins	£1,890.00	£100
Community Dog Bins	£1,890.00	£100
Playing Field Litter & Dog Bins	£800.00	£100
Salt/Grit Spreader	£1,050.00	£100
CCTV	£15,225.00	£100
Defibrillator and cabinet	£1,050.00	£100
Fencing	£10,479.00	£100
Heras Fencing	£3,675.00	£100
7 x Ipads	£3,150.00	£100
4 x Laptops	£2,639.00	£100
30 X Litter pickers	£387.45	£100
Printer	£204.75	£100
Hi Vis Jackets	£170.10	£100
Bronze Bench	£1,050.00	£100
Bronze Sculpture	£15,750.00	£100
3 x Bus shelter	£32,800.00	£100
Wood/Plastic Picnic Benches x 7	£3,167.85	£100
Charles Arnold Baker Book	£162.75	£100
Wooden Benches x 6	£2,174.00	£100

The risk assessment for 2024-25 was reviewed and approved at the Full Council Meeting 5.11.24 (minute 1453), after more detailed review at the Finance Committee in October. 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 with the IT contractor that file back-up procedures are operating properly (email dated 8.11.24). 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 24-5

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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.

Interim Audit

The Council is well advanced in preparations of the 25-6 budget. The 3 year business plan has been updated and reviewed by the Finance Committee, and was approved at Council in November 24 - - meeting of 17.10.23. The precept for 25-26 was also agreed at this meeting, a reduction of 3% in precept was agreed.

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 November meeting of Full Council Committee (minute 1453), after review at the October meeting of Finance Committee.

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 generally receives minimal non-precept income. I checked one receipt at my interim audit - £36,809 CIL monies. This was checked to a remittance advice from ADC and to the bank statement.

I will check the precept and other income at my year end audit.

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.

I tested Clerk's pay for August 24. I agreed cashbook payment back to payslip. From there I agreed gross pay back to contract variation, signed off by the clerk and Cllr Harbord.

I have recommended that the Clerk should obtain login details for the Council's HMRC account. This will enable the Council to log in to the account periodically to ensure all submissions and payments are up to date.

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

Year-end test

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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 October 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.

The Council reviewed the Investment Strategy in May 24. The Finance Committee has recently completed a review of investment options, and approved recommendations to move funds to a number of higher interest accounts at the December meeting.

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

The Council has moved to income and expenditure accounting for 24-25, and RBS have restated the opening balances as 1.4.24, as is required by this process. This is necessary as receipts and payments at APC will exceed £200K for the third consecutive year in 24-25. I will test further at year end, but the Council appears well prepared for this change.

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

The Council will also need to meet the requirements of the 2015 Transparency Code now income and expenditure 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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M - Arrangements for Inspection of Accounts

Inspection periods for 23-24 accounts were set as follows

Inspection - Key date	23-24 Actual
Accounts approved at Full Council	7 Full Council
Date Inspection Notice Issued	2 June
Inspection period begins	3 June
Inspection period ends	12 July
Correct length	Yes

All regulatory requirements were met in this regard.

N: Publication requirements 23-24 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 25 July, before the deadline of 30 September and after the date of the audit certificate (18 July). 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 23-24 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. Income and expenditure continue to be below the £25K threshold where an independent examination is required.

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

☎ 07958 990310

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