

Vicky Badman

Winterborne St Martin Parish Council

14 February 2024

Dear Vicky,

**Winterborne St Martin Parish Council**

Following the remote interim audit completed on 12 February, 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 9 months of financial year
- Testing of income – first 9 months of financial year
- Risk management and insurance
- Salaries and wages
- Budget monitoring reports
- Arrangements for inspection of accounts
- Bank reconciliations.

The Council has improved financial controls since my last visit, however this has been due to work carried out by the Chairman in response to recommendations raised. Financial systems must now be managed by the new Clerk / RFO, and I recommend that an accounting system is installed to assist with this. Recommendations are set out at Appendix A.

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](mailto: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 Chairman of the Council has taken responsibility for maintenance of accounting records in 23-24. The previous Clerk left the Council mid-year, and as reported at my last audit, the Council had significant problems with its accounting records in 23-24. A new Clerk has been appointed and will take over responsibility for accounting records from 1.4.24. I strongly recommend that the Council should install an accounting system before this date. This will:

- Improve financial reporting - management and statutory accounts are produced directly from the accounting system
- Save staff time – eg in compilation of VAT returns and annual accounts
- Improve financial control ( inbuilt controls in the finance system).

The Council has run accounts on a new excel workbook in 23-4. This was up to date at the time of my audit, and I was able to locate supporting documentation from references within the workbook.

I checked the opening balance on the cashbook - there is a £69 difference between the cashbook and AGAR as at 1.4.23. The reasons for this have been identified, and the 22-23 accounts will need to be restated to correct this.

I have been able to confirm that the Council has received the VAT refund for 22-23. A credit of £553 has been checked to the bank statement, credit received 15 May. VAT has not yet been reclaimed for 23-24 – this should be actioned as part of the year end closedown, going forward VAT should be managed via an accounting system.

### **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**

Standing Orders and Financial Regulations are based on NALC templates. These have been reviewed in 23-24 as follows:

- Standing orders - October 2023 – minute 26.10
- Financial Regulations - Annual Meeting – minute 25.5

The Council is aware that NALC is currently reviewing the model financial regulations. It is recommended that the Clerk reviews Council financial procedures against the new template regulations when they are issued.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

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

I have discussed the Council's arrangements for making payments to suppliers. The Chairman has been responsible for setting up payments at bank, after approval to pay has been passed at a meeting, with another councillor approving the payment. The Council should re-establish a process whereby the Clerk sets up payments at bank and authorisation is completed by councillors, as soon as possible.

I carried out a sample test of 3 non-pay expenditure transactions selected with a value of £3600. I was able to confirm the following for all transactions:

- Payment agreed to invoice
- Expenditure appropriate for this Council
- VAT accounting correct

The Council should ensure that all payments approved at meetings are listed within minutes.

**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 June 2024. Asset cover was satisfactory, the main asset insured the Garage, with an insurance value of £43K. Other assets insured are as follows:

Item Description	Sum Insured	Excess
Bus Shelter	£24,188.52	£250
Benches x4	£3,913.18	£250
Village Notice Boards and News Paper Bins	£2,431.58	£250
Speed Indicator Device and Post	£3,577.36	£250
Laptop	£496.50	£250
Phone Box	£618.00	£100

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

The risk register is sufficient for a council of this size, and there is evidence of review - ongoing risks are identified for management by the Council. Evidence that this risk register has been reviewed in year by Council has been located in minutes – minute 22-6 June 2023 Full Council meeting.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

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

The new Clerk should check arrangements for the back up of computer data before my next audit, to check that these are sufficient for the Council's needs.

**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 budget and precept for 24-25 was approved at the Council meeting in November 2023. For clarity I recommend that the Council records the precept set for 24-25 in minutes of the next available meeting – it is not clear at present.

Reserves have been reviewed in the course of the financial year – some funds have been spent and others transferred into reserves. I will review reserve balances at year end, as part of the process of reconciling council reserves disclosed on the AGAR back to accounting records.

There is a detailed budget in place for 23-24. There is evidence that budget monitoring reports have been produced for Council by the Chairman. I reviewed the quarter 3 report, this was discussed by Council at the January meeting, and has been signed as reviewed by 2 other councillors. Budget monitoring would be enhanced by the implementation of an accounting system.

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

### **Interim Audit**

Year end test when I check precept income to data supplied by government

**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.**

### **Interim Audit**

The Chairman has reviewed payments made to the previous clerk and has identified that HMRC have been overpaid by £477 – this is being clawed back via monthly HMRC payments. I am pleased to note that payroll has now been outsourced to an external provider, Dawsons. I will check pay to the new clerk at my year end audit .

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto: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**

Year end test

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

**Interim Audit**

I was able to confirm, by reference to minutes of council meetings, that bank reconciliations have been reviewed regularly at Council meetings. I recreated the quarter three bank reconciliation in order to check arithmetic within the excel cashbook. I was able to confirm that the cashbook operates effectively, and I was able to agree cashbook balances back to bank statements as at 31.12.23. The bank reconciliation has been signed off by 2 councillors other than the Chairman.

The Council should ensure that the Clerk is set up as one of the panel of bank signatories. This will assist with access to the bank account and making payments over the forthcoming election cycle.

**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.**

Year end test

**K: If the authority certified itself as exempt from a limited assurance review in 22-23, it met the exemption criteria and correctly declared itself exempt.**

The Council declared itself exempt in 22-23 and met the exemption criteria

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

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

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

**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, 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 22-23 accounts were set as follows

<b>Inspection - Key date</b>	<b>22-23 Actual</b>
<b>Accounts approved at Full Council</b>	22 June Full Council
<b>Date Inspection Notice Issued</b>	29 June
<b>Inspection period begins</b>	30 June
<b>Inspection period ends</b>	11 August
<b>Correct length</b>	No – 1 day too long

- The inspection period was set 1 day too long.
- The Agar and exemption certificate have not been published on the website

I must conclude that control objective has not been met. Box 4 on the Annual Governance Statement should also be marked as NO.

**N: Publication requirements 22-23 AGAR**

At the time of my audit the 22-23 AGAR was not published. This omission should be corrected.

**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.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

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

I would like to thank you and Mark for your assistance with the audit. I attach my invoice, for your consideration. Do not hesitate to contact me if you have any questions at all.

Yours sincerely



Mike Platten CPFA

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto: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
I strongly recommend that the Council should install an accounting system before this date.	<p>This will</p> <ul style="list-style-type: none"> <li>- Improve financial reporting - management and statutory accounts are produced directly from the accounting system</li> <li>- Save staff time – eg in compilation of VAT returns and annual accounts</li> <li>- Improve financial control ( inbuilt controls in the finance system)</li> </ul>	
The Council is aware that NALC is currently reviewing the model financial regulations.	It is recommended that the Clerk reviews Council financial procedures against the new template regulations when they are issued.	
I have discussed the Council’s arrangements for making payments to suppliers. The Chairman has been responsible for setting up payments at bank, after approval to pay has been passed at a meeting, with another councillor approving the payment.	<p>The Council should re-establish a process whereby the Clerk sets up payments at bank and authorisation is completed by councillors as soon as possible.</p> <p>The Council should ensure that all payments approved at meetings are listed within minutes.</p>	
IT back up	The new Clerk should check arrangements for the back up of computer data before my next audit, to	

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016

6 Uplands Road. Farnham GU9 8BP



# April Skies

## Accounting

	check that these are sufficient for the Council's needs.	
<ul style="list-style-type: none"> <li>- The inspection period was set 1 day too long.</li> <li>- The Agar and exemption certificate have not been published on the website</li> </ul>	I must conclude that control objective has not been met. Box 4 on the Annual Governance Statement should also be marked as NO.	
At the time of my audit the 22-23 AGAR was not published.	This omission should be corrected	
I checked the opening balance on the cashbook - there is a £69 difference between the cashbook and AGAR as at 1.4.23.	The reasons for this have been identified, and the 22-23 accounts will need to be restated to correct this	
The budget and precept for 24-25 was approved at the Council meeting in November 2023.	For clarity I recommend that the Council records the precept set for 24-25 in minutes of the next available meeting – it is not clear at present.	

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016

6 Uplands Road. Farnham GU9 8BP