

**Alison Ball**  
**Clerk & RFO**

**Ewshot Parish Council**

3 May 2023

Dear Alison

**Ewshot Parish Council**  
**Internal Audit 22-23**

The internal audit of Ewshot Parish Council for the 2022-23 financial year is now complete. 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. The final audit was carried out remotely.

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 2022-23. There are no recommendations. I set out a schedule of tests not completed at this audit at Appendix B, these tests are not relevant to Ewshot.

The audit was carried out in two stages. The interim audit was carried out remotely on 24 October 2022, this concentrated on in year financial transactions and governance controls. The final audit was carried out remotely. This work was carried out on 3 May and concentrated on the statement of accounts and transactions from the second half of the financial year.

### **A - Appropriate books of account have been kept properly throughout the year Interim Audit**

The Council continues to maintain accounting records on an excel workbook, which records individual transactions in linked tabs that produce a receipts and payment account, bank reconciliation and budget monitoring report. This is sufficient for this smaller council. The cashbook was up to date at the time of my audit, with all transactions properly referenced to ensure links to prime documentation.

I confirmed that the opening balances on the excel workbook at 1.4.22, as recorded on the opening balance sheet, could be agreed back to the audited annual return for 21-22. Box 7 on the 21-22 audited accounts was £61,200, opening cashbook balance was £61,199.85. The external audit opinion for 21-22 was clear, so there are no matters requiring attention in the 22-23 accounts.

The Council had submitted a VAT return for the period April to August 2022. This was agreed to a schedule of transactions derived from the accounting records . VAT refund of £952 was received on 4 October. The council is up to date with VAT Accounting.

I confirmed that my audit report for 21-22 was properly considered at the May meeting of the Council and an appropriate minute recorded (22/103). It has been published on the Council website.

### **Final Audit**

The accounting statements have been agreed back to the Council's excel workbook. All comparatives reported in the financial statements have been agreed back to the audited 21-22 accounts as published on the Council website.

I confirmed that the VAT return for period October 22 to March 23 has been completed and submitted to HMRC, Vat reclaim of £606 has been made, this is supported by a schedule of transactions extracted from the accounts workbook.

My interim report was considered at the Full Council meeting in November 2022 - minute 22/181. The Council has met its obligation to consider the work of audit.

I am satisfied that the Council met this control objective.

**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**

Financial Regulations and Standing Orders were reviewed at the Full Council meeting in February 2022. The Financial Regulations now include a section setting out the process for making payments by BACS ( Regulation 6.10).

The Council approves expenditure via the annual budget process. Each month, the Council reviews the future expenditure to be made in the finance report circulated by the Clerk before each meeting of the Council. Payment approval is then minuted, supported by a detailed list of payments. Payments are made using electronic banking. The Clerk sets up the payments on the Council's bank account. These are then approved electronically by two of a panel of three councillors.

I tested a sample of expenditure transactions. I was able to confirm the following for all transactions sampled:

- Cashbook entry could be agreed back to an invoice from the supplier
- VAT accounting correct
- Approval for the payment was recorded in a minute of a council meeting.
- Payment set up at bank by the Clerk and authorised by 2 councillors

**Final Audit**

Non pay expenditure per box 6 to the accounts amounted to £15,518, down from £31,548 in 21-22.

I tested 3 further payments and repeated the tests set out at the interim audit. For all payments tested I was able to confirm that

- Cashbook entry could be agreed back to an invoice from the supplier
- VAT accounting correct
- Approval for the payment was recorded in a minute of a council meeting.
- Payment set up at bank by the Clerk and authorised by 2 councillors

I am satisfied that the Council has met this control objective.

**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 by Ecclesiastical, on a standard local council policy arranged by Came and Co. I reviewed the insurance certificate and confirmed it is in date with an expiry date of April 2023. I have confirmed that the Council backs up computer remotely, with backups taken to the OneDrive plus periodic USB backup. Back up has been tested by the Clerk.

**Final Audit**

The Council completed its annual risk assessment review at the Council meeting on 6 February ( minute 23/46). Minor amendments were made.

I am satisfied that the Council has 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.**

**Interim Audit**

Budget setting for 2023-24 is under way. The Clerk has asked for projects to be brought forward by Councillors. The draft budget will be considered at the December meeting of Full Council, with final approval of precept and budget to be recorded at the January meeting.

Budget reporting occurs on a quarterly basis. I checked the quarter 2 report, which clearly set out the budget position of the Council – this was reviewed at the October meeting of Council (minute 22/159). No overspends were identified.

**Final Audit**

Reserves at 31 March 2022 were £74,455 ( 21-22 £61,200).

General reserves at year end were £23,278. This represents 70% of precept, which is within recommended levels set out in the JPAG Practitioners' Guide. I consider this general reserve balance to be in line with guidance for a council of this size. Earmarked reserves of £51K are set aside to fund future projects and maintenance . Of this, £24K is held in the play area reserve, and £12K for highways projects. The Council should continue to ensure that reserves are used for the projects identified.

The precept for 23-24 was reviewed and approved at the Full Council meeting in January 2023 ( minute 23/19). A precept of £34,256 was set. The 23-24 budget was also approved at this meeting ( minute 23/18), this included a detailed review of reserve balances.

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.**

**Final Audit**

Precept per box 2 to the accounts was £32,726 (2021-22 £29,746). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £2,014 (2021-22 £5,790).

I tested one receipt, a jubilee grant from Hart DC, to a remittance advice from the district council .

I am satisfied that the Council has met this control objective.

**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. Interim and Final Audits**

Staff costs per box 4 to the accounts were £5,967 (2021-22 £6,083).

I tested Clerk's salary for August 2022. I agreed salary payment from the cashbook back to the monthly payroll summary. I then agreed gross pay to pay award letter for the clerk, signed off by the Chairman.

I am satisfied the Clerk is being paid the approved rate of pay.

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

**Final Audit**

Fixed Assets per box 9 to the accounts were £114,552 ( 21-22 £114,552)

I reviewed the cashbooks, no purchases of fixed assets were identified. The Clerk confirmed no disposals have been actioned in 23-24.

I am satisfied that the Council has met this control objective.

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

**Interim Audit**

I was able to confirm that the bank account is reconciled to the cashbook each quarter, via the cashbook spreadsheet. I checked that bank reconciliations are subject to councillor review each quarter and that this review is evidenced – the September reconciliation had been reviewed by a Councillor. I was also able to confirm, by reference to minutes of council meetings, that the bank reconciliation is discussed regularly at Council meetings.

I re-performed the bank reconciliation for September 2022. I tested the following

- Confirmed balances back to bank statements
- Checked arithmetic and all links within the excel cashbook
- Confirmed signature of councillor on bank reconciliation
- Confirmed the bank reconciliation had been noted at a Council meeting.

I am satisfied that the bank reconciliation recorded in the cashbook correctly states the financial position of the Council, can be agreed to bank statements, and has been reported to a Council meeting.

**Final Audit**

Cash per box 8 to the accounts was £74,455 (21-22 £61,200)

I re-performed 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 accounting pack.

The reconciliation had not been signed off at the time of my audit, but was due to be reported to the May meeting of Full Council. The Clerk confirmed that the reconciliation has been reviewed by a councillor and email approval confirmed.

I am satisfied that this control objective has been met.

**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**

Satisfactory – Accounts have been produced on a receipts and payments basis, this is appropriate as income and expenditure at the Council is below £200k.

An explanation of year-on-year variances has also been prepared, with detailed explanations for variances provided.

I am satisfied this control objective has been met.

**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 external audit certificate can easily be located on the website. Minutes of Council meetings are published on the website and were up to date at the time of my audit.

**M – Inspection Periods**

**Interim Audit**

Inspection period for 21-22 AGAR was set as follows

Inspection - Key date	2021-22 Actual
Accounts approved at Full Council	9 May Full Council
Date Inspection Notice Issued and how published	1 June noticeboards and website
Inspection period begins	5 June
Inspection period ends	15 July
Correct length	Yes – 30 working days

I can confirm that regulations were followed in this respect and that the Council can therefore sign off that it has met control objective 4 on the annual governance statement – inspection rights.

**N – Compliance with Publishing Requirements 21-22 Accounts**

**Interim Audit**

The Council has received the 21-22 external audit report. A clear opinion was reported, and a conclusion of audit notice was published on the website on 26 July 2022, before the deadline of 30 September. All relevant elements of the AGAR, including the external audit certificate, have been published on the Council website. The external audit report was reviewed at the October 2023 Full Council and an appropriate minute recorded ( minute 22/156)

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

No trusts

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.

Yours sincerely



Mike Platten CPFA

**Points Forward – Action Plan - Interim and Final Audit**

Matter Arising	Recommendation	Council Response
No recommendations		



## Appendix B

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

Control Objective	Area for Audit	Why this has not been audited
F	Petty Cash	No petty cash at this council
K	Exemption from limited assurance review	Council had limited assurance review in 22-23
O	Trust Funds	No trusts at this council