

Lisa O Sullivan
Clerk to Haslemere Town Council

10 November 2021

Dear Lisa

Haslemere Town Council - Internal Audit 2021-22
Interim Audit

Following the virtual interim audit completed on 8 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 2021-22 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 2020-21 audit opinion
- Follow up previous recommendations
- Testing of expenditure first 6 months of financial year
- Testing of income – first 6 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 overall Council has successfully maintained a strong system of financial control. I have no recommendations to raise 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.

A. Books of Account

Interim Audit

The Council continues to use RBS, an industry specific accounting package. The RBS system is used to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered. My audit testing showed that supporting documentation could be readily located from records recorded on RBS, and all key reconciliations were up to date.

I tested opening balances on the RBS system at 1.4.21 and confirmed they could be agreed back to the audited accounts for last financial year. I confirmed that the Council's VAT returns are up to date, with VAT claimed to the end of September 2021. I checked that figures in the VAT return have been derived directly from the RBS system and confirmed with the Clerk that the return been submitted to HMRC. The VAT refund has been checked to receipt at bank on 8.10.21

I note that the Council is compliant with the 2015 Transparency Code. A transparency statement has been produced, showing where the Council publishes all information required by the Code. I confirmed data on expenditure transactions above £500 is up to date. Further checks will be carried out at year end, after annual updates should have been completed.

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

B. Financial Regulations & Payments

Interim Audit

The Council has a well organised system in place in respect of policies and procedures and the Clerk is very experienced in this regard. All key Council policies are reviewed at least every 4 years. A schedule is maintained and monitored by Finance and Governance Committee.

The Council has a robust process for authorisation of payments to suppliers. The Council approves expenditure via the annual budget process, by notification in the minutes and by a dual signature process by councillors, who complete sign off of the physical payment via on line banking, after review of invoices included in emailed invoice pack. Payments are then taken to a meeting of the council for retrospective approval and recording in minutes. I make no recommendation to change this effective system.

I tested a sample of payments selected at random from the cashbook for the first 6 months of 2020-21. For all payments tested I was able to confirm

- Payment per cash book agreed to invoice or minute (for grants)
- VAT correctly accounted for
- Expenditure appropriate for this council
- Payment approved at bank by 2 councillors (I reviewed audit history for a three on the Council's bank account as a compliance test)

- I confirmed by reference to minutes that the Council has approved all payments via inclusion of cash book extracts in minutes of Council meetings, and appropriate reference to the cashbook within the minutes (one payment had not yet been presented – it is due at the next council meeting) .

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

C. Risk Management & Insurance

Interim Audit

The Council undertakes a full risk assessment annually. I have confirmed with the Clerk that the risk assessment will be approved at the January 2022 meeting of the Full Council. I will review this at my final audit visit.

I have confirmed that the Council has a valid insurance certificate, with an expiry date of 31 March 2022, insurance is held with Zurich Municipal . The Council reviews its insurance requirements as part of the renewal process. Money cover is currently set at £500K. I confirmed that asset cover is consistent with the Council's asset register.

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

D. Budget, Precept & Reserves

Interim Audit

I confirmed that the 2022-23 budget and precept setting process was well underway at the time of our interim audit. A budget working party is currently working on the 22-23 budget, and a draft budget is due to be presented to the November meeting of Full Council. An additional Full Council meeting is available in January for final approval of budget and precept. All precepting authority deadlines should be met.

The Council budget for 21-22 was set to produce a deficit in the region of £30K. I confirmed the Council received a budget monitoring report at the September meeting of Full Council, this covered the period to the end of August 2021. I noted no significant adverse variances.

I have no recommendations to make in this area.

E. Income

I selected a small sample of income transactions from the cashbook for the first 6 months of the financial year.

- WBC receipt -£9,461 RHSS funding – agreed to remittance advice
- Receipt from Funfair – agreed to banking deposit slip
- Stall holder fee – agreed to signed booking form, including approved fee

I was able to agree items sampled to relevant supporting documentation

F. Petty cash

The Council does not use petty cash.

G. Payroll

Interim Audit

Payroll is processed by an external agency. I carried out testing of payments made to staff in July 2021. I agreed ledger payments back to payroll information produced by the payroll agency for 3 staff members. I tested that:

- Net pay per cashbook agreed back to payslips
- Basic pay per payroll could be reconciled back to appropriate NJC pay grade once working hours adjustments had been made.
- NALC grades and therefore rates of pay for all staff approved in minute of the staffing committee

I also confirmed payments had been made to HMRC and to the Pension Fund and that payments agreed to the payroll summary.

The Clerk confirmed that information has been submitted to Surrey Pensions with regard to the Mccloud pension judgement before the deadline of 31 October.

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

H. Assets and investments

Final Audit

Final audit test

I. Bank reconciliations

Interim Audit

The Council has 6 bank accounts. 2 held with Unity Bank, the remainder with United Trust / Nationwide Building Society / Tridos Bank.

I re-performed the September 2021 bank reconciliation. I found no error in the reconciliation and confirmed that the reconciliation is subject to appropriate councillor review, evidenced by signature on the face of both the reconciliation and the bank statements. Annual statements only are issued by Tridos / United Trust and Nationwide, I will check the reconciliations against 2021-2-21 annual statements at my final audit.

I note the Tridos investment matures on 20.22.21, and a decision on where to invest this deposit will need to be made at this point

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

J. Year-end accounts

Year end audit

M: Arrangements for Inspection of Accounts

Inspection periods for 2020-21 were set as follows

Inspection - Key date	2020-21 Actual
Accounts approved at Full Council	13 May 2021 Full Council
Inspection period begins	14 June
Inspection period ends	23 July
Correct length	Yes

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.

N: Publication requirements 2020 AGAR

Interim Audit

I confirmed that the Council has correctly loaded the audited accounts, annual governance statement and audit certificate for 2020-21 on to the Council website. The conclusion of audit certificate has been correctly published, with a date of 27 August , in advance of the 30 September deadline. The Council received a clear audit certificate from the external auditors so there are no matters to be taken into consideration in 2021-2. The audit certificate was reported to Council at the September meeting.

O. Trusteeship

Interim Audit

The Council is Trustee of Village Green at Shottermill Trust – Charity 305043. The 20-21 annual return has not yet been submitted to the Charity Commission, the Clerk has confirmed this is diarised for November and submission will be actioned before the statutory deadline. I will check this at my year end audit

I would like to take this opportunity to thank you and Pippa for your assistance with the audit. I attach my invoice for your consideration, and do contact me if you have any questions.

Yours sincerely



Mike Platten CPFA



Points Forward – Action Plan -

No Matters Arising