

Lisa O Sullivan
Clerk to Haslemere Town Council

8 December 2022

Dear Lisa

Haslemere Town Council – Interim Audit 2022-23

Following the virtual interim audit completed during the week of 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 2022-23 Annual Governance and Accountability Return (AGAR). I covered the following at this audit:

- Review of opening balances and reporting of 2021-22 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 overall Council has successfully maintained a strong system of financial control and is on course for a clear internal audit report at year end. I have 2 recommendations to raise, these are 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.

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Company Registration Number 14174016

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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. Access to the accounting system is limited to the Clerk and Deputy Clerk.

I tested opening balances on the RBS system at 1.4.22 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 2022. I checked that figures in the VAT return have been derived directly from the RBS system and confirmed with the Clerk that the return has been submitted to HMRC.

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. Financial Regulations and Standing orders are due for renewal in 2023, in line with the policy review schedule.

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 an emailed invoice pack. Payments are then reported 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 7 months of 22/23. 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 transactions 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)

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I reviewed payments over £5K made in the first 7 months of the financial year. Where appropriate, I was able to confirm that all these payments were made for competitively let contracts (Light Angels and Grounds Contract), or quotes had been obtained for one off purchases (deer fence at allotment).

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 2023 meeting of 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 – this is sufficient.

The Town Hall and High Street Toilets are listed on the insurance policy. Other assets insured include

- Christmas Lights - £59K
- Play Equipment - £ 99K
- Memorials £53K

The Clerk confirmed a building revaluation was completed in January 2022 as part of the insurance renewal process.

The Council have confirmed that computer systems are backed up and tested by the external IT support company. Files have been retrieved from backups when required.

D. Budget, Precept & Reserves

Interim Audit

I confirmed that the 2023-24 budget and precept setting process was well underway at the time of the interim audit. The Budget Working Party reported to the November 2022 Full Council meeting. I have reviewed the report and I am satisfied that the Council has taken account of inflationary pressures as part of budget setting. A review of the Council's reserves is also included in the budget setting process. The budget and precept are due to be approved at the Full Council meeting in January 2023. All precepting authority deadlines should be met.

The Council continues to review budget vs actual reports at every Full Council meeting. I reviewed the report presented to the 29 September meeting of Full Council. No overspends were identified, and I confirmed the review is recorded in minutes (77/22).

I review reserves at my final audit.

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E. Income

Interim Audit

I selected a small sample of income transactions from the cashbook for the first 6 months of the financial year, with a value of £153K . All were agreed to remittance advice notes issued by Waverley.

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 August 2022. 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 – cashbook date for the payments - 8 August.

H. Assets and investments

Year end 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.

The Council continues to complete bank reconciliations monthly, this is then reported to Council in the Finance Pack. This has been confirmed by a skim read of minutes published in 22-23.

I re-performed the August 2022 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 / Nationwide/ Cambridge BS I will check the reconciliations annual statements at my final audit.

I remind the Council that the United Trust investment expires on 3 May 2023. This will need to be brought back into the accounts before the end of the financial year, and removed from the asset register, to comply with the accounting rules for town councils. RBS will be able to assist with the accounting entries.

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The Council needs to develop an investment strategy, this is a statutory requirement for all councils with cash and investment deposits in excess of £100K. This should include a regular review of where all cash and investments are held, to ensure that the investment strategy matches council objectives. A six monthly review would be sensible at present, given the improvement in interest rates for deposit accounts.

J. Year-end accounts

Year end audit

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

Interim Audit

Yes, the Council meets the requirement of the Code by publishing information on the Council website, mainly on the Financial Information page. I checked that the following information was up to date at the time of the interim audit:

- Payments data – published to end of October 2022
- Organisation Chart – up to date
- Community Infrastructure Levy report – 21 -22 report published.

Further checks will be carried out at year end.

M: Arrangements for Inspection of Accounts

Interim Audit

Inspection periods for 2021-22 were set as follows

Inspection - Key date	2021-22 Actual
Accounts approved at Full Council	13 May Full Council
Date of Announcement	20 June
Inspection period begins	21 June
Inspection period ends	1 August
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 2021-22 on to the Council website. The conclusion of audit certificate has been correctly published, with a date of 5 September , in advance of the 30 September deadline. The Council received a clear audit certificate from the external auditors, dated 3.9.22, so there are no matters to be taken into consideration in 2022-3. The audit certificate was reported to Council at the September meeting (minute 76/22)

O. Trusteeship

Interim Audit

The Council is Trustee of Village Green at Shottermill Trust – Charity 305043. The 21-22 annual return was submitted on 16 November 2022, before the regulatory deadline. The council continues to account for the charity separately from the Town Council.

I would like to take this opportunity to thank you and Pippa for your assistance with the audit. I attach my invoice, and will be in touch in February to make arrangements for the year end audit.

Yours sincerely



Mike Platten CPFA

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Appendix A

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response – Final Audit
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The Council needs to develop an investment strategy, this is a statutory requirement for all councils with cash and investment deposits in excess of £100K.	This should include a regular review of where all cash and investments are held, to ensure that the investment strategy matches council objectives. A six monthly review would be sensible at present, given the improvement in interest rates for deposit accounts	