



Mrs L O’Sullivan  
Haslemere Town Council  
Town Hall  
High Street  
Haslemere  
Surrey  
GU27 2HG

8 November 2024

Dear Lisa

**Re: Haslemere Town Council**  
**Internal Audit for Financial Year Ended 31 March 2025 – Interim Audit report**

#### Executive summary

Following completion of our interim internal audit on 8 November 2024 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published Annual Governance and Accountability Return (AGAR). The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of which is available on request. The report concludes with an opinion as to whether each assertion has been met or not at this point in the year. Some assertions are tested only at the final internal audit, and this is reflected where appropriate in the report. Recommendations for action are shown in bold text and are summarised in the table at the end of the report.

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Haslemere Town Council are well established and followed.

#### Regulation

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. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority's approval of the annual governance statement.

#### Independence and competence

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 34 years' experience in the financial sector with the last 14 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

#### Engagement Letter

An engagement letter was previously issued to the council covering the 2024/25 internal audit assignment. Copies of this document are available on request.

#### Planning and inherent risk assessment

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

#### Table of contents

		PAGE
A	BOOKS OF ACCOUNT	3
B	FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	3
C	RISK MANAGEMENT AND INSURANCE	6
D	BUDGET, PRECEPT AND RESERVES	6
E	INCOME	7
F	PETTY CASH	7
G	PAYROLL	8
H	ASSETS AND INVESTMENTS	8
I	BANK AND CASH	9
J	YEAR END ACCOUNTS	9
K	LIMITED ASSURANCE REVIEW	9
L	PUBLICATION OF INFORMATION	9
M	EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS	10
N	PUBLICATION REQUIREMENTS	10
O	TRUSTEESHIP	10
	ACHIEVEMENT OF CONTROL ASSERTIONS	11
	AUDIT POINTS CARRIED FORWARD	12

## A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

Audit findings

The audit was conducted on site with the Clerk, who also acts as the council's Responsible Financial Officer (RFO). The Clerk had prepared the information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Clerk and a review of the council website [www.haslemeretc.org](http://www.haslemeretc.org)

The council uses the Rialtas Business Solutions (RBS) accounting package for recording the council's finances. This is an industry specific accounting package. The accounting package is updated regularly and used to produce management information reports for review at council meetings.

I reviewed the nominal ledger entries for the period 1 April 2024 to date. The year-end adjustments for 2023/24 relating to debtors, creditors, accruals and prepayments have all been cleared, and I found no evidence of instances of netting off and transactional items were posted with sufficient narrative detail to explain their source and appeared to be placed to the most appropriate nominal code budget headings.

## B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

Audit findings

**Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit**

The External Auditor's Report for 2023/24 was not qualified and has been published on the council website along with the completed Notice of Conclusion of Audit form.

The conclusion of the audit was reported to the council at the meeting held on 12 September 2024 (minute ref 79/24).

There is evidence within the minutes of council meetings of the receipt and review of internal audit reports, with the year-end internal audit report received at the meeting held in May 2024 (minute ref 45/24) and also published on the council's website.

**Confirm by sample testing that councillors sign statutory office forms**

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website includes a councillor page where the individual Register of Members' Interests forms are published.

**Confirm that the council is compliant with the relevant transparency code**

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so.

**Confirm that the council is compliant with GDPR**

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2024) contains updated guidance on the matter as below:

### The importance of using .gov.uk domains for websites and emails

- 5.210. All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name. Note that Parish meetings are exempt from the requirement to have a website.
- 5.211. To assist with compliance with the General Data Protection Regulations (GDPR), it is advised that clerks provide official .gov.uk email accounts to their councillors, which must only be used for official council business.
- 5.212. When choosing a domain name all councils must follow the rules set out by the Cabinet Office to choose a .gov.uk domain name, for example, 'ourparishcouncil.gov.uk' with email addresses linked to that domain.
- 5.213. Using a .gov.uk domain for your council website and email accounts gives Parish Councils the following advantages:
- 5.214. Increased professionalism and trust from members of your community, partners and suppliers because your email address and website domains are a trusted government brand.
- 5.215. Separation of your personal life from your professional life, ensuring members of your community, partners and suppliers understand what capacity you are emailing them in - whether a Councillor or Clerk.
- 5.216. Increased control for the Responsible Officer over email accounts and documentation when managing new joiners, leavers, sudden absences or Freedom of Information and Subject Access Requests.

The council has a Privacy Notice and Accessibility Statement on its website, and it is clear the council has made every effort to comply with the website requirements.

#### **Confirm that the council meets regularly throughout the year**

In addition to full council, the council has a committee structure in place, with committees terms of reference published on the council website.

A diary of future meeting dates is also published on the council website, along with historic agendas and minutes for council and committee meetings.

#### **Check that agendas for meetings are published giving 3 clear days' notice**

I was able to confirm that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

I note that the non-confidential supporting papers are published as appendices to the agendas on the council website in accordance with the requirements of the Information Commissioner's Office.

#### **Check the draft minutes of the last meeting(s) are on the council's website**

Draft minutes are uploaded to the council website and clearly annotated as draft.

#### **Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months**

The Standing Orders are based on the current NALC model and were most recently reviewed and adopted by council in March 2023 (minute ref 6/23). I note the Standing Orders have been appended to include a section on Member training.

#### **Confirm that the Parish Council has adopted and recently reviewed Financial Regulations**

Financial Regulations are based on the previous NALC model and were last reviewed and adopted by council in March 2023 (minute ref 6/23). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

I note the Finance & Governance Committee reviewed the new NALC model Financial Regulations at their meeting held on 8 October 2024 and these are now due to be approved at the November 20124 council meeting.

**Check that the council's Financial Regulations are being routinely followed**

The council has thresholds in place within the Financial Regulations currently in use at which authorisations to spend must be obtained as below:

- FR 4.1 Expenditure may be incurred up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- the Council for all items over £3000;
  - the Amenities Committee for items over £1000 and less than £3000;
  - the Infrastructure & CIL Committee for items up to £5000; or
  - The Clerk, in conjunction with the Mayor or relevant Committee Chairman for any items below £1500.

In addition to this the Clerk may incur such expenditure on behalf of the Council as is set out in the Clerk's delegation schedule.

Such authority is to be evidenced by a minute or by some other record deemed acceptable by the Clerk.

- FR 4.4 The Town Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair replacement or other work which is of such urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, in accordance with the Clerk's Delegation Schedule. The Town Clerk shall report the action to the Council as soon as practicable thereafter.

I note the council also has an adopted Scheme of Delegation to the Town Clerk, which is a comprehensive document outlining the Clerk's powers in each area of the council's business. This was most recently reviewed and updated in 2023 and is published on the council's website.

A review of council minutes shows that council authorises payments in accordance with the adopted Financial Regulations.

**Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £10.81 per elector**

The council has adopted the General Power of Competence (GPC) and the Section 137 threshold does not apply.

**Check receipt of VAT refund matches last submitted VAT return**

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 30 September 2024 which showed a refund amount due of £16,889.83 and was fully supported by the required details. I was able to confirm receipt of this amount to the council's bank account on 17 October 2024. The council is up to date with its VAT submissions.

**Confirm that checks of the accounts are made by a councillor**

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

## C. RISK MANAGEMENT AND INSURANCE

### Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

### Audit findings

The council has a financial and management risk assessment which was most recently reviewed and approved by council in January 2024 (minute ref 10/24).

I reviewed the risk assessment record, which details the types of risk identified, assigns a perceived risk level and records action taken to mitigate the risk. The register includes all the financial risks typically associated with a council of this size and demonstrates that the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich Insurance which covers the year under review. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £1 million. I note that the total bank balances at the end of September 2024 were circa £1.2 million (partly due to a large CIL receipt) and the council may wish to consider increasing the Fidelity Guarantee level to ensure that its cover the maximum balance held at any point during the year.

## D. BUDGET, PRECEPT AND RESERVES

### Internal audit requirement

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

### Audit findings

The council set a precept of £438,540 for 2024/25. With a tax base of 7,898.7, this equates to a band D equivalent of £55.52 (compared to the average in England of £85.89).

The Clerk confirmed that the 2025/26 budget setting process is underway. A draft copy of the 2025/26 budget was available for review at the interim internal audit, which includes forward projections up to the 2027/28 financial year. This will be presented to the council at the meeting scheduled for 21 November. Any amendments will then be made, and the final version is scheduled to be approved at the January 2025 council meeting.

There is evidence within the minutes of council meetings of regular reviews of financial items, including receiving bank reconciliations, records of cashbook payments and receipts, reviewing the income and expenditure reports and reporting on CIL income and expenditure.

This provides councillors with sufficient financial information to make informed decisions.

At the date of the interim audit, the council held circa £1,125,000 in earmarked reserves, spread across a range of clearly identifiable projects, including circa £492,000 from Community Infrastructure Levy (CIL) which is annotated clearly within the earmarked reserves list.

I checked the purpose of the earmarked reserves with the Clerk and am content that they are all for legitimate future planned expenditure of the council and are reviewed regularly.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

5.33. The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

5.34. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

5.35. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.36. In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.

5.37. Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.

A review of the general reserve balance will be conducted as part of the year-end internal audit, and the council is recommended to follow the JPAG guidance in determining an appropriate level.

## E. INCOME

### Internal audit requirement

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

### Audit findings

Apart from the precept, the council receives income from a variety of sources, including hire charges for facilities and allotment rental.

Financial Regulation 9.2 states 'The council will review all fees and charges at least once each Council term, following an officer report.'

A review of the council minutes confirm that the fees and charges were reviewed and agreed by the Amenities Committee at the meeting held on 20 June 2024 (minute ref 35/24), and I was provided with a copy of the Clerk's report supporting the item, which includes comparison charging with other local councils providing similar facilities.

I reviewed a sample of invoices issued for the hire fees and allotments and was able to confirm charged amounts matching the published prices.

From a review of the accounting records, income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate nominal code.

## F. PETTY CASH

### Internal audit requirement

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

### Audit findings

The council has no petty cash and the testing for this internal control objective does not apply.

## G. PAYROLL

### Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

### Audit findings

The council has five employees paid in accordance with the NJC salary scales. The back-dated pay rise is due to be included in the November salaries. The council is a member of the Local Government Pension Scheme (LGPS) scheme.

Payroll is outsourced to a third party. I reviewed the payroll summaries and salary slips for months 6 and 7 and was able to confirm deductions amounts for tax and national insurance and pension contributions appear to be calculated correctly.

I was able to confirm HMRC and pensions payments are up to date and that the council is correctly not claiming the employment allowance for national insurance contributions.

There are no councillor allowances, although the Clerk is aware if paid to eligible (elected) members, these must be processed through payroll and assessed for tax and national insurance. The council has a scheme whereby a Mayors' Allowance is available to reimburse the Mayor for expenses incurred in the role .

## H. ASSETS AND INVESTMENTS

### Internal audit requirement

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

### Audit findings

The council has a fixed asset register in place, maintained in an Excel format, which includes details of asset, the date of acquisition, original cost, location, annual return value, insurance value and accompanying notes. This is a detailed register and is an appropriate method of recording assets for a council of this size.

Assets are correctly listed at original net cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

The register has been updated with new acquisitions this year. I checked the sample invoices with the Deputy Clerk, and we discussed ensuring that all new additions are recorded at the net purchase price excluding any delivery and/or installation costs. A further check of the updated register will be completed at the final internal audit to confirm the figure entered in box 10 on the AGAR.

The council has borrowing through the Public Works Loan Board (PWLB) and a check of the year-end balances and confirmation of yearly payments will be conducted at the final internal audit.

The council has no long-term investments. I note the council has adopted an Investment Strategy, which is published on the council website, to support its future decision making on placement of funds in accordance with the [Statutory Guidance on Local Authority Investments](#)



## I. BANK AND CASH

### Internal audit requirement

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

### Audit findings

Financial Regulation 2.2 states 'At least once in each quarter, and at each financial year end, chair of the Finance and Governance Committee shall verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.'

Bank reconciliations are completed monthly. I reviewed the September 2024 bank reconciliation and was able to confirm the balances to the bank statements and found no errors. The reconciliation and accompanying bank statements have been signed in accordance with the requirements of FR 2.2.

Due to the size of the council's budget, it receives no depositor protection from the Financial Services Compensation Scheme (FSCS). The council has mitigated this risk by opening accounts with five different financial institutions.

## J. YEAR END ACCOUNTS

### Internal audit requirement

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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

### Audit findings

Testing to be conducted at final internal audit.

## K. LIMITED ASSURANCE REVIEW

### Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")

### Audit findings

The council did not certify itself exempt in 2023/24 due to exceeding the income and expenditure limits and this test does not apply.

## L: PUBLICATION OF INFORMATION

### Internal audit requirement

The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation

### Audit findings

Testing to be conducted at final internal audit.

**M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**

Internal audit requirement

The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2023/24 Actual
Date AGAR signed by council	16 May 2024
Date inspection notice issued	31 May 2024
Inspection period begins	2 June 2024
Inspection period ends	12 July 2024
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2023/24, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

**N: PUBLICATION REQUIREMENTS**

Internal audit requirement

The authority has complied with the publication requirements for 2023/24. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2024 authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited
- Section 1 - Annual Governance Statement 2023/24, approved and signed, page 4
- Section 2 - Accounting Statements 2023/24, approved and signed, page 5

Not later than 30 September 2024 authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings

Testing to be conducted at final internal audit.

**O. TRUSTEESHIP**

Internal audit requirement

Trust funds (including charitable) – The council met its responsibilities as a trustee.

Audit findings

The council is the trustee of The Village Green at Shottermill (charity number 305043). A review of the Charity Commission website shows that the council is correctly listed as the sole trustee and all reporting is up to date. The trustees meet in March annually.

As the turnover of the trust is below £25,000, there is no requirement for an independent examination of the trust accounts.

## Achievement of control assertions at interim audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below.

	INTERNAL CONTROL OBJECTIVE	YES	NO	N/A
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	✓		
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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	To be tested at final internal audit		
K	If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")			✓
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	To be tested at final internal audit		
M	The authority, during the previous year (2023/24) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N	The authority has complied with the publication requirements for 2023/24 AGAR.	To be tested at final internal audit		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

Should you have any queries please do not hesitate to contact me.

Yours sincerely



**Andy Beams**

Mulberry Local Authority Services Ltd

Interim Audit - Points Carried Forward

Audit Point	Interim Audit Findings	Council comments
<b>C. RISK MANAGEMENT AND INSURANCE</b>	I note that the total bank balances at the end of September 2024 were circa £1.2 million (partly due to a large CIL receipt) and the council may wish to consider increasing the Fidelity Guarantee level to ensure that its cover the maximum balance held at any point during the year.	