



## MULBERRY & CO

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Our Ref: MARK/WOR001

Mrs G White  
Worplesdon Parish Council  
West View  
84 Rydes Hill Road  
Guildford  
Surrey  
GU2 9UG

22 November 2018

Dear Gaynor

**Re: Worplesdon Parish Council**  
**Internal Audit Year Ended 31<sup>st</sup> March 2019**

Following completion of our interim internal audit on 7 November 2018 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. Recommendations for future action are shown in the table 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.

### **Interim Audit – Summary Findings**

At the interim visit we reviewed and performed tests on the following areas:

- Review of the Financial Regulations & Standing orders
- Review of the Risk Assessments
- Review of the Budgeting process
- Proper Bookkeeping – review of the use of the accounts package.
- Review of Bank Reconciliations
- Compliance with Regulations
- Salaries and Wages

It is our opinion that the systems and internal procedures at Worplesdon Parish Council are very well established, regulated and followed. The Clerk ensures the Council follows best practice regulations and has over time adapted and changed the internal procedures as regulations and technologies have changed to

maintain compliance. Systems have been maintained whilst the Council has had the added workload of moving into the new office.

It is clear the Council takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are entirely fit for purpose and indeed are a model of good practice. I would like to thank Gaynor and Victoria for their assistance and hard work.

## **A. Books of Account**

### **Interim Audit**

The Council continues to use the Scribe accounting system for the recording of its financial day to day transactions. Entries are entered onto Scribe on a regular basis and at the end of the month the clerk produces a monthly bank reconciliation and reconciles this to accounting system entries. On conclusion of the month end the reconciliations and payments list are taken to council for approval and entering into the minutes. This system is well established and has operated effectively for a number of years at Worplesdon.

I tested that the opening balance on the bank reconciliation had been brought forward correctly by agreeing opening cashbook balances back to the audited 2017-18 Annual Return.

The Council received a clean audit certificate from the external auditors in 2017-8. I confirmed that the 2017-18 audited accounts and conclusion of audit certificate had been properly published on the Council's website, as required by regulations. The audit opinion was reported to the Full Council meeting of October 2018 and internal audit reports are also reported to council meetings. All regulatory requirements relevant to the 2017-18 annual return have been met.

I tested that the Council's VAT accounting was up to date, and confirmed that the September VAT return had been prepared and was about to be submitted to HMRC. The amount reclaimed could be supported by a schedule of transactions derived from the accounting system.

I am satisfied that the Council's books of account are operating effectively, and I have no recommendation for improvement.

## **B. Financial Regulations & Payments**

### **Interim Audit**

The Financial Regulations and Standing Orders were reviewed at the Council meeting in May 2018. These have not been updated, I recommend a review of these documents against NALC standards is undertaken in the next 12 months to ensure all best practice changes are included.

I have confirmed by sample testing that the Council has a process in place to ensure all Councillors sign acceptance of office forms.

I selected a sample of transactions from the general ledger and reviewed for compliance with financial regulations. For all transactions tested I was able to confirm the following:

- Cashbook entry could be agreed back to an invoice from the supplier
- Approval for the payment was recorded in a minute of a council meeting
- Signature of two councillors was viewed on each invoice tested.
- I also confirmed that where appropriate, competitive quotes had been obtained from suppliers.

I am satisfied that the Council has sound procedures in place for the authorisation of payments and that financial regulations were followed for all transactions tested.

As a larger Council, Worplesdon is required to follow the 2015 Transparency Code. Whilst I am satisfied that the council is largely compliant with requirements of the Code, it is recommended that a “transparency” tab is added to the new website, and all necessary information loaded under this tab. I suggest Crowborough Town council as a good model to follow in this area.

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

## **C. Risk Management & Insurance**

### **Interim Audit**

Insurance is with Axa on a standard local authority policy. I reviewed the insurance schedule and confirmed that insurance was in date, with an expiry date of Sept 2019. Asset cover appears adequate, and there is evidence that this is reassessed annually. Asset cover should be reviewed in the next few months in the light of recent playground equipment purchases. Fidelity insurance is set at £250K. This is a little low, as Council cash holdings sometimes exceed this level, notably after receipt of the precept – October balance £274K. I recommend that the insurers are contacted and the fidelity insurance increased. Insurers should also be notified of the office move.

The Council has a well-developed risk management scheme in place. I have noted that the formal annual risk assessment will be completed in the new year. The Council’s risk assessment will be approved at a Council meeting in the new year, and minuted at full council, confirmed with the clerk. I will review this at year end.

The Council backs up IT data to a remote location, with the assistance of an ICT provider. I recommend that this back up is tested annually to ensure all essential data can be retrieved.

I am satisfied that the Council has met this control objective

## **D. Budget, Precept & Reserves**

### **Interim Audit**

The Council is currently in the process of developing budgets for the 2019-20 financial year. A first draft had been prepared at the time of my audit, and there was a schedule of meetings in place to ensure a final budget and precept would be ready for approval at the Full Council meeting in January 2019, hereby ensuring all precepting authority deadlines are met.

I confirmed that Councillors receive regular budget monitoring reports at Full Council and that review of these reports is evidenced by minute of the relevant meeting. I checked the minutes of the September meeting of Full Council, and confirmed the budget report was taken to the meeting and properly noted in minutes.

There have been no significant changes to reserves since my last visit. I will audit reserves in more detail at the year - end audit.

I am satisfied that the Council has met this control objective

## **E. Income**

This is a year-end task, I will test grant and precept income to third party confirmation.

## **F. Petty cash**

No Petty cash – confirmed with the clerk.

## **G. Payroll**

### **Interim audit**

Payroll is calculated by an external payroll agency. I carried out testing of salary payments for September 2018. I was able to agree payments recorded in the Scribe ledger back to payroll information supplied by the agency. From this I

agreed basic salary for 2 members of staff back to approved rates of pay for the financial year, signed off by the Chair of the staffing committee. I am therefore satisfied that staff are being paid at rates of pay approved by the Council.

This is a robust system and I make no recommendation for change

#### **H. Assets and Investments**

This will be reviewed at year end as part of the process of agreeing the accounts to the asset register.

#### **I. Bank Reconciliations**

##### **Interim Audit**

The Council holds monies in four bank / savings accounts. I was able to confirm that the Council reconciles its cash books to bank statements promptly at the conclusion of each month. All bank reconciliations are taken to the next council meeting where they are reviewed by a councillor, who signs off the bank statement and the bank reconciliation. The bank reconciliation is also noted in the minute of the meeting. Savings books are inspected by Councillors when carrying out finance checks. Financial Regulations are being followed

I re-performed the bank reconciliation for September 2018. I was able to confirm all bank balances in the reconciliation back to bank statements / savings books. I also agreed the cash book balance to the Scribe system. The bank reconciliation had been subject to Councillor review and this review properly evidenced.

I am satisfied that the bank reconciliation process is working well. I have no recommendation for improvement in this area.

#### **J. Year-end Accounts**

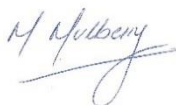
Year-end task

#### **K. Trusteeship**

No trusts.

Should you have any queries please do not hesitate to contact me, finally I enclose a fee note for your kind attention.

Kind regards  
Yours sincerely



**Mark Mulberry**

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

<b>Matter Arising</b>	<b>Recommendation</b>	<b>Council Response</b>
<p>The Financial Regulations and Standing Orders were reviewed at the Council meeting in May 2018.</p>	<p>These have not been updated, I recommend a review of these documents against NALC standards is undertaken in the next 12 months to ensure all best practice changes are included</p>	
<p>As a larger Council, Worplesdon is required to follow the 2015 Transparency Code. I am satisfied that the council is largely compliant with requirements of the Code,</p>	<p>It is recommended that a “transparency” tab is added to the new website, and all necessary information loaded under this tab. I suggest Crowborough Town council as a good model to follow in this area.</p>	
<p>Asset cover should be reviewed in the next few months in the light of recent playground equipment purchases. Fidelity insurance is set at £250K. This is a little low, as Council cash holdings sometimes exceed this level, notably after receipt of the precept – October balance £274K.</p>	<p>I recommend that the insurers are contacted and the fidelity insurance increased. Insurers should also be notified of the office move.</p>	
<p>The Council backs up IT data to a remote location, with the assistance of an ICT provider.</p>	<p>I recommend that this back up is tested annually to ensure all essential data can be retrieved</p>	