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Our Ref: MARK/WOR001

Mrs G White
Worplesdon Parish Council
Unit 2 Beaufort
Parklands
Railton Road
GUILDFORD
Surrey
GU2 9JX

12th November 2019

Dear Gaynor

Re: Worplesdon Parish Council
Internal Audit Year Ended 31st March 2020

Following completion of our interim internal audit on the 12th November 2019 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. Where appropriate **recommendations for future action are shown in bold text and summarised in the tables at the end of the report. The recommendations from the final 2018/19 visit have been answered in the table at the end of the report.**

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 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. 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.

A. BOOKS OF ACCOUNT (INTERIM & FINAL AUDIT)

Interim Audit

The Council continues to use Scribe as a day to day accounting package, this is a tried and tested industry specific package and I make no recommendation to change. The system is used daily to report on and record the financial transactions of that of the Council.

There is one user with their own individual logon & password. The password is noted down securely in the event of clerk incapacity.

Every month, a month end close down is performed by the clerk, various reports are printed and filed in hard copy, these include but are not limited to; income and expenditure against budget, bank reconciliations and other reports as fit.

The cashbooks are routinely printed and are retrospectively accessible. The system requires the population of key data fields to enable the user to record a transaction. This is a clear and easy to follow system and a review of the cashbook shows that all data fields are being entered, the reports are easy to read and logically filed.

My walk through audit testing of receipts and a payments chosen at random from month seven & eight, showed that supporting documentation could be easily located from records. I make no recommendation to change in this system.

I tested opening balances as at 1/4/19 and confirmed they could be agreed back to the audited accounts for 2018/19.

I tested that the Council's VAT accounting was up to date, and confirmed that the September VAT return had been prepared. The amount reclaimed could be supported by a schedule of transactions derived from the accounting system. The refund was received in October. This test indicates that the council is up to date with its postings on the financial package and that these can be verified to third party evidence.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

I am of the opinion that the control assertion of "Appropriate accounting records have been properly kept throughout the financial year" has been met.

B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS (INTERIM & FINAL AUDIT)

Interim Audit

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

The external auditors report was not qualified in 2018/19 and this was reported in accordance with regulation, together with the notice of conclusion to full council. Evidence was also noted in the minutes of the internal auditor's report being reviewed and accepted.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that Councillors sign "Acceptance of Office" forms and register of members interests, in line with regulations.

Confirm that the Council is compliant with the relevant transparency code.

I note that the Council is required by law to follow the 2015 Transparency Code and a review of the web site has shown that the council is routinely following this. **However, a couple of the links need to be updated.**

Confirm that the Council is compliant with the GDPR.

As council is aware of GDPR. It was noted the Council has common email addresses internally which gives a natural segregation so it is clear beyond doubt in what capacity a councillor is acting, gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

Confirm that the Council meets regularly throughout the year

The council has the following committees:

- Full Council;
- Planning & General Purposes
- Staffing

There are also a number of working parties and groups which meets as and when necessary to cover specific tasks, not committee have spending powers.

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

The clerk was able to demonstrate 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.

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

Minutes are uploaded to the council website and these agree to signed hard copies.

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

The standing orders are based on the NALC model. These were reviewed and readopted in March 2019

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

Financial regulations are based on the NALC model. These were reviewed and readopted in March 2019. The regulations being based on the NALC model contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

Financial regulation 2.3 deals with bank reconciliations, the council is performing a monthly bank reconciliation for all accounts and this is signed & minuted in accordance with regulations.

Financial regulation 4 deals with budgetary control and authority to spend. All committees have the power to spend up to £5,000 within a budget heading and the clerk has emergency powers up to £5,000. The internal process of the council are sufficiently robust to ensure before an order is placed the budgets are checked. On occasion it is necessary to get retrospective approval from council.

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations.

Financial regulation 6 deals with making payments. The council makes payments by cheque, direct debit, debit card and bacs. The system in place is routinely followed and a review of the payments file showed all summaries are signed and invoices verified.

The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below. These are not incorrect but maybe restrictive for a council of this size.

- £25,000 + Tender Process
- £3,000 - £25,000 3 quotations are required.

- £500 - £3,000 – strive to get 3 estimates
- 0 - £500 – power to spend

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £8.12 per elector.

The council has no S.137 expenditure because it has the power of general competence. I have verified this was properly reviewed and the council was still eligible to claim this.

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

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

I am of the opinion the council is following its own regulations and that any changes to financial regulations are to be considered minor and not indicative of errors in the system.

I am therefore of the opinion that the control assertion “This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for”, has been met.

C. RISK MANAGEMENT & INSURANCE (INTERIM & FINAL AUDIT)

Interim Audit

The Council has a well-developed risk management scheme in place. The Council backs up IT data to a remote location, with the assistance of an ICT provider.

I have confirmed that the Council has a valid insurance certificate. The Council reviews its insurance requirements as part of the renewal process. Money and asset cover appear adequate.

We discussed assertion 8 of the AGAR and whether or not this had any impact on the council.

“We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.”

I am of the opinion that the control objective of “This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.”, has been met

D. BUDGET, PRECEPT & RESERVES (INTERIM & FINAL AUDIT)

Interim Audit

The Council is currently in the process of developing budgets for the 2020-21 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 2020, thereby 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.

At month 6 total reportable income was £251,184 against a budget of £251,667. Total expenditure was £126,364 against a budget of £251,667. I am of the opinion that income and expenditure is as expected and properly reported.

The council has £268,000 of reserves by the year end this will be circa £120k – with earmarked reserves this will be not be deemed excessive. It was noted the earmarked reserves were low and need reviewing.

I am of the opinion that the control objective of “The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.”, has been met.

E. INCOME (FINAL AUDIT)

The council’s precept has been received in full and agreed to budget and application.

VAT records were sufficient robust to drill down to the individual invoices.

I am of the opinion that the control objective of “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.”, has been met.

F. PETTY CASH (INTERIM & FINAL AUDIT)

No Petty cash – confirmed with the clerk.

G. PAYROLL (INTERIM & FINAL AUDIT)

Interim Audit

Payroll is calculated by an external payroll agency. I carried out testing of salary payments for September 2019. I was able to agree payments recorded in the Scribe ledger back to payroll information supplied by the agency. 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

I am of the opinion that salaries are correctly stated on the AGAR and that the control object of “Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.”, has been met.

H. ASSETS AND INVESTMENTS (INTERIM AUDIT)

Interim Audit

The fixed asset register is maintained on excel, additions and disposals have been agreed to a schedule prepared by the Clerk and have been correctly added at cost, or written off the asset register as obsolete.

I am of the opinion that the control objective of “Asset and investments registers were complete and accurate and properly maintained.”, has been met.

I. BANK & CASH (INTERIM & FINAL AUDIT)

Interim Audit

At the interim audit date the council had a reconciled bank position which has been signed in accordance with financial regulations and will be reported to council. I have reviewed the reconciliation there were no errors. I also tested the cut off and can confirm the payments and lodgements are shown in the correct month.

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of “Periodic and year-end bank account reconciliations were properly carried out.”, has been met.

J. YEAR END ACCOUNTS (FINAL AUDIT)

TBC at year end

K. TRUSTEESHIP (INTERIM & FINAL AUDIT)

No trusts.

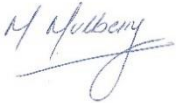
L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)

Inspection Step	2018-19
Accounts approved at full council	16 may
Date Inspection Notice Issued and how published	13 June
Inspection period begins	17 June
Inspection period ends	26 July
Correct length	yes
Common period included?	Yes.
Summary of rights document on website?	Yes.

I am satisfied the requirements of this control objective were met for 2018-19, and assertion 4 on the annual governance statement can therefore be signed off by the Council.

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

Kind regards
Yours sincerely



Mark Mulberry

2018/19

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
General reserves are a little high at present, I recommend that a Council of this size and business profile should hold no more than 50% of precept in the general reserve.	I understand that reserves are due for review at the May 2019 Council meeting	These are being utilised in the current year
As a Council with expenditure in excess of £200K, the Council is required to follow the requirements of the 2015 Transparency Code.	At the time of my audit, the Clerk was finalising publication of expenditure /procurement/ asset information. This work should be completed before the accounts are submitted to the external auditors	This has been updated and is in accordance with regulations
I note that the Co-op bank - statement was dated 28 March.	The year-end bank statement should be obtained before the accounts are submitted for audit.	Completed
Bank reconciliation for review by Councillors	I have agreed with the Clerk that the Scribe accounting system bank reconciliation should be used for review by councillors going forward	Completed