

Catherine Fitzgerald

Clerk to Lingfield Parish Council

23 May 2025

Dear Catherine

**Lingfield Parish Council - Internal Audit 2024-25**

**Final Audit**

The internal audit for the 24-25 financial year is now complete. I am pleased to report that I have signed off the internal audit section of the Annual Governance and Accountability Return (AGAR) for with no comments.

As stated in the engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete Section 4 of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year.

In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Audit Practices Board and our procedures are not designed to provide assurance over the reliability and quality of your financial statements and management information – that is the job of external audit.

We are required by the Annual Internal Audit Report included in 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 my internal audit work for 24-25. Recommendations are set out at Appendix A. Areas not tested because they are not relevant to this Council are listed at Appendix B.

The audit was carried out in two stages. The interim audit was carried out on 3 March , this concentrated on in year financial transactions and governance controls. The final audit was carried out on 21 May and concentrated on the statement of accounts and balance sheet.

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### **A - Appropriate books of account have been kept properly throughout the year**

#### **Interim Audit**

The Council maintains financial records on an excel spreadsheet. My testing confirmed that income and expenditure is balanced to the cashbook and reconciled to bank statements on a regular basis. I was able to locate supporting documentation from information recorded in the excel cashbook. I tested arithmetic within the cashbook and checked that the bank reconciliation works correctly - see notes in section I.

Given the increased expenditure at the Council and the need to manage finances efficiently, I strongly recommend that the council uses an accounting package for the 25-26 financial year, such as Scribe, Rialtas or Edge. This will save time in producing bank reconciliations, VAT returns and management / financial accounting reports. There are also improved inherent financial controls within these accounting systems to reduce the risk of error.

I was able to agree the opening balances on the bank reconciliation back to the audited AGAR for 23-24. In the course of my testing I confirmed there is a clear audit trail from the accounts to supporting documentation, such as invoices. The Council received a clear audit opinion for 23-24, so there is nothing that needs to be taken into account for the current financial year.

The Council last submitted a VAT return for the period to 31 January 2024. No Vat return has now been submitted for more than a year. For a council of this size, I would recommend VAT returns should be submitted at least every 6 months, and ideally quarterly. VAT must be brought up to date as part of the year end closedown, and then a more regular programme of VAT claims introduced.

My last report was considered at the April Council meeting ( minute 24/4/11 )

#### **Final Audit**

I am pleased to note that the Council has purchased an accounting package for the 25-26 financial year – Parish Accounts Software. Using this package this should save staff time and improve financial reporting. The Clerk has tested that the system works correctly by loading 24-25 data, the year end bank reconciliation worked.

The accounting statements have been agreed back to year end reports produced from the Council's excel accounting workbook . Arithmetic within the workbook has been checked. I checked all 23-24 disclosures to the audited accounts for 23-24, as published on the Council website.

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The Clerk has caught up with the arrears of VAT claims reported at the interim audit. I confirmed that the VAT return for period 1 February 24 to 28 February 25 has been completed and was submitted to HMRC. This has a submitted date stamp of 6 March. VAT of £4771 was reclaimed. VAT reclaimed has been agreed to a schedule of transactions extracted from the excel workbook, and the credit was checked to bank,

My interim report was considered at the March Council meeting ( minute 2025/02/8:)

**B - The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for**

### **Interim Audit**

Financial Regulations are based on NALC templates. These were last reviewed at the Annual Council Meeting in May 2023, minutes 10.3 and 10.4. The Council's Financial Regulations are now out of date. The Clerk confirmed that these will be reviewed at the Annual Meeting in May, care should be taken to ensure that this review updates the regulations in line with the new NALC template.

I carried out a sample test of non-pay expenditure transactions selected from cashbook throughout the financial year. I was able to confirm the following for all transactions:

- Payment agreed to invoice
- Invoice signed off by 2 councillors on payment schedule
- Expenditure appropriate for this Council
- VAT accounting correct

### **Final Audit**

Non pay expenditure per box 6 to the accounts amounted to £ 57,708, up from £47,386 in 23-24 .

The new Financial Regulations and Standing Orders will be reviewed at the Full Council meeting on 28 May, this deals with a recommendations raised at my interim audit. No further testing was carried out at the final audit, sufficient assurance obtained at the interim audit. I checked the cashbook, and limited transactions recorded since my last visit.

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**C - The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

**Interim Audit**

The Council is insured with Zurich Municipal on a standard local council package, The policy was in date at time of audit, with an expiry date of 31 May 2025. Asset cover included three buildings:

- Community Hall
- Jennings Hall
- Container on East Grinstead Road ( owned by racecourse, Council uses and insures)

Other assets insured are:

Item Description	Sum Insured	Excess
55" Samsung TV	£1,053.17	£100
Noticeboards, Signposts and Name Signs	£7,829.60	£100
Public Seats & Benches	£11,602.44	£100
Plant Holders	£7,839.89	£100
Grit Bins	£1,522.15	£100
Flagpoles	£40,829.24	£100
Memorials, Statues & Monuments	£85,927.29	£100
Office Equipment incl Computers & Sports Equipment	£5,005.96	£100
Agrifram	£993.66	£100
Defibrillator	£3,829.28	£100
CCTV Equipment	£1,468.95	£100
Laptop	£514.50	£100

Money cover is sufficient at £250K. This is comfortably in excess of cash balances held by the Council.

The Council completed the annual review of the General Risk Assessment at the Full Council meeting on 22 May 2024 (minute 13/24) . I reviewed the document, and whilst short, it is sufficient to meet the requirements of this control objective.

All computer files are now held on a Google Drive which can be accessed (with appropriate log in) from any location. The Clerk confirms data can be accessed remotely.

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**D - The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

## **Interim Audit**

The Council has completed budget setting for the 25-26 financial year, this was minuted in the Full council meeting on 22 January. The budget was approved in minute 25/1/08, and a precept of £124,339 was approved. I have agreed this to the precept request sent to TDC. A detailed budget was approved, this is summarised below:

- Total income, including precept: £127,150
- Total expenditure: £93,650
- Allocations to Earmarked Reserves £33,500

## **Final Audit**

Reserves at 31 March 2025 were £96,400 (23-24 £44,987)

Earmarked reserves at year end were as follows:

<b>LINGFIELD PARISH COUNCIL RESERVES</b>	
	Projected at 31/03/2025
<b>Twinning</b>	2,320
<b>The Haven</b>	250
<b>CIL Funds</b>	6,706
<b>Elections</b>	2,000
<b>Christmas Lights</b>	3,000
<b>Lingfest</b>	17,500
<b>General events</b>	2,000
<b>Emergency Tree works</b>	2,000
<b>TOTAL EMRS</b>	<b>35,776</b>

General reserves at year end were £60K . This represents 50% of precept, which is at the mid-point of recommended levels set out in the NALC Practitioners' Guide. Council should carry out an annual review of earmarked reserves to ensure they are still needed for the intended purposes.

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

## **Interim Audit**

2 transactions tested from cashbook to bank, and from there to confirmation from paying organisation. Both items were found to be properly accounted for.

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### **Final Audit**

Precept per box 2 to the accounts was £120,626 (23-24 £62,400). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £21,131 (23-24 £7,376). I reviewed I further income credit :

03/02/2025	Zuruch Ins	5957.77
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I have confirmed this is a payment from the insurer to cover flood damage to the floor at the Community Centre, and agreed this to email confirmation from the insurance company. The credit has been checked to the bank statement.

### **F - Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.**

Satisfactory. My testing confirmed that the Council does not use petty cash.

### **G- Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.**

### **Interim and Final Audits**

Staff costs per box 4 to the accounts were £32,636 ( 23-24 £31,281).

I tested the January 2025 payment to the Clerk, and was able to agree the cashbook entry to payslip. From there I was able to confirm gross pay recorded on the payslip back to the Clerk's contract of employment.

I confirmed that box 4 in the accounts only recorded costs related to the employment of staff at the final audit.

### **H - Asset and investments registers were complete and accurate and properly maintained.**

### **Final Audit**

Fixed Assets per box 9 to the accounts were £199,837 ( 23-24 £198,224) increase of £1,613

The figure in the accounts has been agreed to the fixed asset register, which is maintained on an excel spreadsheet. The asset register correctly accounts for all assets at cost. This follows accounting rules set out in the Practitioners' Guide.

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The Clerk provided details of changes to the asset register as follows:

- Assets added to asset register £1613– final payment for CCTV equipment / bench / IT incidentals
- Disposals - nil – no disposals in 24-25

### **I – Periodic and year-end bank account reconciliations were properly carried out.**

#### **Interim Audit**

I was able to confirm that the bank account is reconciled to the cashbook each month, via the cashbook spreadsheet.

I reperformed the January 2<sup>nd</sup> 2025 bank reconciliation. For all bank accounts I sought to to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the excel spreadsheet. Arithmetic within the cashbook was checked. There appeared to be an error of £1000 on the bank reconciliation.

Current account statement balance at 5 January recorded in the bank reconciliation:	£54,489.05
Current account statement balance at 5 January recorded on the bank statement:	£53,489.05
Difference	£1000

This must be investigated and the bank reconciliation brought back into balance.

#### **Final Audit**

Cash per box 8 to the accounts was £96,400 (23-24 £44,987)

I reperformed the year end bank reconciliation. For all bank accounts I was able to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the Council's excel workbook . Arithmetic has been checked within the cashbook and found to be accurate. The bank reconciliation has not yet been reviewed by a Councillor, this will be actioned at the next Council meeting. The bank reconciliation should be reviewed before the AGAR is sent to external audit.

The error in the reconciliation identified at the interim audit has been cleared and the year end bank reconciliation balanced to cashbook.

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

Satisfactory – Accounts have been produced on a receipts and payments basis, this is appropriate as income and expenditure at the Council is below £200k.

**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**

The requirements of the Transparency Code 2015 do not apply to LPC, as gross income and expenditure is below £200K. However I was able to confirm that the 23-24 AGAR documentation was published, alongside an archive of AGAR documentation, as required by regulations. Minutes are published on the website, and were up to date at the time of my audit. These include financial information such as payments and budget reporting.

**M - Arrangements for Inspection of Accounts**

Inspection periods for 23-24 accounts were set as follows

Inspection - Key date	23-24 Actual
Accounts approved at Full Council	24 April Full Council
Inspection period begins	3 June
Inspection period ends	12 July
Correct length	Yes – 30 Days

All regulatory requirements were met in this regard.

**N: Publication requirements 23-24 AGAR**

The Statement of Accounts, Annual Governance Statement and the external audit certificate are published on the accounts page of the Council website. The Conclusion of Audit certificate is also published, dated 20 September 2024, before the statutory deadline of 30 September, and after the date the accounts were signed off by the auditors, 13 September. The external audit certificate was reported to Council at the September meeting (minute 24/9/09)

The Council has complied with this control objective.

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**O - Trust funds (including charitable) The council met its responsibilities as a trustee.**

Satisfactory –The Council has confirmed to me that the Council is not sole trustee of a charity.

I attach my invoice for your consideration together with the internal audit report from the AGAR. I would like to take this opportunity to thank you for your help with the audit. I look forward to working with you again next year, in the meantime please do not hesitate to contact me if I can be of any assistance.

Yours sincerely



Mike Platten CPFA

## Appendix A – Recommendations

### Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
Given the increased expenditure at the Council and the need to manage finances efficiently, I strongly recommend that the council uses an accounting package for the 25-26 financial year, such Scribe, Rialtas or Edge.	This will save time in producing bank reconciliations, VAT returns and management / financial accounting reports. There are also improved inherent financial controls within these accounting systems to reduce the risk of error.	Now actioned
The Council last submitted a VAT return for the period to 31 January 2024. No Vat return has now been submitted for more than a year. For a council of this size, I would recommend VAT returns should be submitted at least every 6 months, and ideally quarterly.	VAT must be brought up to date as part of the year end closedown, and then a more regular programme of VAT claims introduced.	Now brought up to date
The Council's Financial Regulations are now out of date.	The Clerk confirmed that these will be reviewed at the Annual Meeting in May, care should be taken to ensure that this review updates the regulations in line with the new NALC template.	To be actioned at May meeting
There appeared to be an error of £1000 on the bank reconciliation.	This must be investigated and the bank reconciliation brought back into balance.	Bank reconciliation in balance at year end

No recommendations at year end audit.

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## Appendix B

### Internal Audit Control Objectives – Marked as not covered

Control Objective	Area for Audit	Why this has not been audited
F	Petty Cash	No petty cash at this council
K	Exemption from limited assurance review	Council had limited assurance review in 23-24
O	Trust Funds	No trusts at this council