

Catherine Fitzgerald

Clerk to Lingfield Parish Council

5 March 2025

Dear Catherine

Lingfield Parish Council - Internal Audit 2024-25

Interim Audit Report

Following the virtual interim audit completed on 3 March, 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 24-25 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 23-24 audit opinion
- Follow up previous recommendations
- Testing of expenditure first 10 months of financial year
- Testing of income - first 10 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 satisfactory system of financial control. Recommendations 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 - 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)

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.

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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

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.

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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

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.

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 Audit

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.

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

Year end test

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

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

I reperformed the January 2nd 2025 bank reconciliation. For all bank accounts I sought 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.

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.

Year end test

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.

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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.

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, and I look forward to working with you on the year end audit. In the meantime please do not hesitate to contact me if I can be of any assistance.

Yours sincerely



Mike Platten CPFA

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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 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.	<p>2025-03-12 17:56:09</p> <p>-----</p> <p>Quotes requested from recommended suppliers to be discussed at the meeting 26th March 2025 - Council agreed to Parish Council Accounts software package. Clerk to action.</p>
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.	<p>2025-03-12 17:57:43</p> <p>-----</p> <p>VAT return completed for the last year and Clerk has diarised to complete quarterly moving forward.</p>
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.	<p>2025-03-12 17:58:51</p> <p>-----</p> <p>Downloaded the up-to-date Financial Regulations to be taking to the Annual meeting in May 25</p>
There appeared to be an error of £1000 on the bank reconciliation.	This must be investigated and the bank reconciliation brought back into balance.	<p>2025-03-12 18:00:45</p> <p>-----</p> <p>New Clerk completed Bank Reconciliation in the morning from a statement print out and in the afternoon made some payments hence the difference on the actual statement when produced - Clerk amended and resigned by Chair at next meeting 26 March 2025</p>

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