Fiona Mason
Clerk to Bletchingdon Parish Council

4 April 2024

Dear Fiona,

Bletchingdon Parish Council - Internal Audit 2023-24

Final Audit Report

The internal audit for the 23-24 financial year is now complete. I am pleased to be able 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 23-24. Recommendations are set out at Appendix A. I set out a schedule of tests not completed at this audit at Appendix B, these tests are not relevant to this Council.

The audit was carried out in two stages. The interim audit was carried out remotely on 30 October, this concentrated on in year financial transactions and governance controls. The final audit was carried out remotely on 3-4 April 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 uses a spreadsheet system to record day-to-day transactions. The system is used to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered, reports are easy to read and supporting documentation easily located from referencing in the cashbook. The cashbook was complete to the end of September at the time of my audit, so I am satisfied that the accounts are being kept up to date.

I was able to agree the opening balances in the cashbook back to the audited accounts for 22-23. Box 7 in last year's audit accounts was £58,682. This has been agreed to the balance brought forward on the bank reconciliation.

The Council has completed VAT returns to the end of March 23. The next return is due to be completed at the end of the financial year, annual returns are sufficient for a council of this size.

Final Audit

The accounting statements have been agreed back to year end reports produced from Council's excel accounting workbook. All comparatives reported in the financial statements have been agreed back to the audited 22-23 accounts, as published on the Council website.

The 23-24 VAT claim had not been completed at the time of my audit. The Clerk confirmed that this was due to be completed once the internal audit was finished.

My interim report was considered at the November Council meeting (Section P).

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

There has been no change to payment procedures this year. Proposed payments are signed off by 2 councillors prior to payment. The Clerk then sets up and authorises the payments at the Council's bank account. Signature of 2 councillors is required on all payment instructions, and payments must be reported to Council.

I carried out a sample test of 3 non-pay expenditure transactions selected at random from the first 6 months of the financial year, amounting to £ 4.5K. I was able to confirm the following for all transactions:

- Payment agreed to invoice

- Invoice signed off by 2 councillors
- Payment approval noted in minutes of council meeting
- Vat accounting correct
- Expenditure appropriate for the Council

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 33,924, up from £26,090 in 22-23

I tested 2 further payments and repeated the tests set out at the interim audit. For all payments tested I was able to confirm that financial regulations had been followed.

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 BHIB on a standard local council package. The policy was in date at time of audit, with an expiry date of 31 May 2024. Asset cover appeared satisfactory with coverage included for the following significant asset categories:

Asset Category	Value Insured (£)
Street Furniture	36K
Playground	82K
Surfaces	50K

Money cover is set at £250K. This is sufficient, given the Council's cash holdings

The Council risk register is due to be considered at a Council meeting in early 2024. I reminded the Clerk that the risk assessment must be reviewed at a meeting of Full Council before the 31 March 2024, to meet Annual Governance Statement requirements. I will review the risk assessment at my final audit.

My internal audit report for 22-23 was considered at the May meeting of Full Council. I am satisfied that the work of internal audit has been properly considered by members.

Computer data is backed up on a Onedrive. I suggest that back up arrangements are considered in the risk assessment , and that back up is tested annually.

Final Audit

The risk assessment was considered at the March meeting of Full Council, minute reference 040/24/p. I have reviewed the risk assessment and it appears sufficient for a council of this size.

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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 budget setting process for 24-25 is underway. Initial meetings have been held, and a draft budget is due to be discussed at the November Council meeting. Final approval of the budget and precept is due to be completed at the January meeting. I am satisfied that precepting authority deadlines should be met.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings, as part of the monthly finance pack. I reviewed the quarter 2 report, and all balances reported were consistent with the cashbook. A review of the July minutes confirmed the quarter 1 report had been considered by members.

I will review reserves at my year end audit.

Final Audit

Reserves at 31 March 2024 were £59,464 (22-23 £58,682).

Earmarked reserves were as follows at 31st March:

Traffic Calming	25800
Contingency	1379
Community Fitness Area	8000
Neighbourhood Plan	9195
Credit Interest	349
Total Earmarked Reserves	44,723

General reserves at year end were £14.7k. This represents 60% of precept, which is at the mid-point of recommended levels set out in the NALC Practitioners' Guide.

The budget and precept for 24-25 were reviewed and approved at the Full Council meetings as follows:

- Budget - approved at Full Council meeting on 29 November 2023;
- Precept - approved at Full Council meeting on 10 January 2024. A precept of £25,000 was set.

I have one recommendation. The annual approved budget should be appended to minutes, to make it clear what budget has been approved by the Council.

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

Final Audit

Precept per box 2 to the accounts was £24,500 (22-23 £24,500). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £19,043 (22-23 £9,814).

I reviewed a sample of three income credits from the whole of the financial year, amounting to £14.7K. For transactions selected I was able to agree income back to remittance information from the insurer, or from grant distributors. All three credits were also checked to bank statements.

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 £8,837 (22-23 £8184).

Payroll is prepared by the Clerk using the HMRC Basic PAYE tools software. The Clerk is paid quarterly. These payments are signed off in Parish Council meetings in the same way as all other transactions.

I reported at my last audit that the Clerk had been underpaid in 22-23. I note from minutes that this has been agreed by Council and a backdated pay award agreed in minutes. I tested salary payment made to the Clerk for April, May June 2023 . I agreed cashbook figure to payslip, and confirmed this had been signed off by 2 councillors as part of a payment listing. Gross pay per payslip was agreed to approved rate of pay for a scale point 24 officer, plus backpay for the underpayment made in 22-23 .

I am satisfied that the Clerk is now being paid at the correct rate of pay, as recorded in minutes at the May meeting of Council, and that back pay was correctly calculated.

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

Final Audit
Fixed Assets per box 9 to the accounts were £91,516 (22-23 £84,530)

The figure in the accounts has been agreed to the fixed asset register. The asset register correctly accounts for all assets at cost. This follows accounting rules set out in the Practitioners' Guide. The RFO provided details of changes to the asset register in 22-23 as follows

- New/additional wooden bollards costing £688,
- replacement gates to recreation ground costing £5,820 **-** I tested the fixed asset register to entries in the cashbook
- Waste bin costing £478.00

I am satisfied that the requirements of this control objective have been met.

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 was also able to confirm, by review of files, that the bank reconciliation is reviewed by a Councillor each month.

I reperformed the September 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 excel spreadsheet. The reconciliation had been reviewed, and this reviewed evidenced.
I am satisfied that the Council is meeting this control objective.

Final Audit
Cash per box 8 to the accounts was £59,464 (22-23 £58,682)

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 recreated from the cashbook.

The bank reconciliation was had not yet been reviewed by a councillor, this is to be expected given that the audit was completed in the first week of April. The review should be completed before files are sent to external audit.

I am satisfied that this control objective has been met.

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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. A variance analysis has been prepared for external audit, this gives an explanation of year on year variances above the audit threshold.

I am satisfied this control objective has been met.

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 this Council, as gross income and expenditure is below £200K and above £25K. However, I can confirm that the Council website is up to date and holds minutes, agendas and an archive of AGAR reporting, as required by regulations.

M - Arrangements for Inspection of Accounts

Inspection periods for 22-23 accounts were set as follows

Inspection - Key date	22-23 Actual
Accounts approved at Full Council	24 May Full Council
Date Inspection Notice Issued and how published	4 June
Inspection period begins	5 June
Inspection period ends	14 July
Correct length	yes exactly 30 days

The council has met its obligations in this area.

N: Publication requirements 2023 AGAR

The complete required pages of the AGAR and the external audit certificate are published on the accounts page of the Council website. The external audit certificate is dated 1 August. The Council received a clear audit certificate last year. The Conclusion of Audit certificate is also published, dated 23 September, before the statutory deadline of 30 September. The external audit certificate was reported to the August meeting of Council. The Council met publishing requirements.

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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 it 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

M. Platten

Mike Platten CPFA

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Appendix A – Recommendations

Points Forward – Action Plan - Year- end Audit

Matter Arising	Recommendation	Council Response
Recording of annual budget approval in minutes	The annual approved budget should be appended to minutes, to make it clear what budget has been approved by the Council.	

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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 22-23
O	Trust Funds	No trusts at this council

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