

Cat Radford  
Harberton Parish Council

24 April 2023

Dear Cat,

**Harberton Parish Council – Internal Audit 22-23**

The internal audit of Harberton Parish Council for the 2022-23 financial year is now complete. The audit was carried out remotely on 24 April 2023.

**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 2022-23 with no comments.**

I set out the results of my audit in the attached report.

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– 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 in the detailed report, together with the results of my internal audit work for 2022-23. There is one recommendation, see Appendix A. I list tests not completed at Appendix B – these tests are not relevant to this Council.

You should now present this report to the next available meeting of Full Council, to assist councillors in the sign off of the Annual Governance Statement.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

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

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 information such as invoices using referencing within the excel workbook.

I was able to agree the opening balances in the cashbook back to the audited accounts for 21-2, as published on the Council website . The Council received a clear audit opinion for 21-22, so there is nothing that needs to be taken into account for the 22-23 financial year.

The Council last submitted a VAT return for the 21-22 financial year, sent to HMRC in April 22. The 22-23 VAT return has not yet been submitted, but was being prepared at the time of my audit. This is not unusual when the audit is so close to financial year end

The accounting statements have been agreed back to bank reconciliation and cashbook reports produced from the Council's excel accounting package. All comparatives reported in the financial statements have been agreed back to the audited 2021-22 accounts as published on the Council website. Arithmetic has been checked, I informed the Clerk of a £1 rounding error, which will be corrected before the accounts are sent to external audit.

I am satisfied that this control objective has been met.

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

Non pay expenditure per box 6 to the accounts amounted to £15,102, up from £10,294 in 2021-22.

Standing Orders and Financial Regulations are based on NALC templates. These were last reviewed at the:

- Ordinary Meeting of the Parish Council on 14/06/22, Item 10 – Standing Orders
- Annual Meeting of the Parish Council on 10/05/22, Item 8. – Financial Regulations

The Council has a robust system in place for the payment of invoices from suppliers. Before each Council meeting the Clerk prepares a payment schedule, which is sent out with minutes. Invoices are approved at the meeting by councillors, and the approval is recorded in minutes. The Clerk then sends invoices and other supporting documentation to authorised signatories. The Clerk sets up the payment at bank and it is authorised by 2 of 3 authorised signatories. This system is compliant with financial regulations and I make no recommendation for change.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

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

- Payment agreed to invoice
- Payment approved within minutes of a Council meeting
- Invoice signed off by 2 councillors at bank ( compliance test for one transaction)
- Expenditure appropriate for this Council
- VAT accounting correct

I am satisfied that the Council complied with the requirements of this control objective.

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

The Council is insured with Hiscox insurance on a standard local council package, arranged by Gallaghers. The policy was in date at time of audit, with an expiry date of May 2023. Asset cover appeared satisfactory. There is no building cover, assets insured are :

- Gates and fences – sum insured £7K
- Street furniture - sum insured £34K

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

The risk assessment was reviewed at the May 2022 meeting of Full Council( minute 9.2) I have reviewed the risk assessment, it is based on a sector specific template, and considers risks appropriate to a council of this size and activity level. There is evidence of review and update in 22-23.

The Parish Council pays a yearly subscription for files to be backed up to 'LiveDrive'. Files can be viewed online and restored. The Clerk confirmed that files can be retrieved remotely, so should be available in case of computer failure.

I am satisfied that the Council complied with the requirements of this control objective.

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

**Final Audit**

Reserves at 31 March 2023 were £60,734 (21-22 £57,989).

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

The precept and budget for 2023-24 were approved at the Council meeting in January 2023. A precept of £19,112 was set (minute 11.3) A detailed budget was also approved at this meeting ( minute 11.2). The budget is set out in detail and included in minutes.

Earmarked reserves were £54K at 31.3.23. The main balances were:

- Community Benefit Fund Reserves £38K
- Lengthsman Project £7.5K
- Maintenance Reserves £4.5K

The Council held general reserves of £6, 399 at 31.3.23. This amounts to 33% of precept, and is therefore at the lower end of recommended levels of general reserve set out in the JPG Practitioners' Guide. However, given well developed earmarked reserves, this is sufficient.

The council has a well-developed budget monitoring process. The Finance Committee reviews a budget report every quarter. I checked this to Finance Committee minutes for January 2023. The Quarter 3 budget report and draft budget (as prepared by the Finance Committee) is presented to Full Council in January to assist with budget and precept setting.

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

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

Precept per box 2 to the accounts was £18,930 (2021-22 £18,930). This has been agreed to third party documentation provided by Central Government.

Income per box 3 to the accounts was £6,654 (2021-22 £6,869).

I have reviewed the legal agreement with TGC Solar, and confirmed the Council is due £1000 per annum per megawatt of solar power capacity. I have not been able to locate any calculations confirming that the payment has been calculated correctly. It is recommended that this is followed up with TGC Solar to confirm accurate payments have been made to the Council.

However, I am satisfied that the council is compliant with the requirements of this control objective.

**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.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

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

Staff costs per box 4 to the accounts were £7,736 (2021-22 £6,177).

I confirmed that the accounts only include payments relating to employment of staff in box 4 to the accounts.

I tested the February 2023 payment to the Clerk, and was able to agree the cashbook entry to HMRC basics payroll records . From there I was able to confirm gross pay to pay award for scale point 17 on the JNC payscale for 22-23. This was confirmed in a pay award letter signed by the Chair of the Council.

I am content that this control objective has been met.

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

**Final Audit**

Fixed assets per box 9 to the accounts were £ 39,925 (21-22 £39,924). I have agreed the balance in the accounts back to the asset register. The asset register appears complete and to record assets at cost or proxy cost, as required by regulations. I checked arithmetic, and the accounts balance agrees to the assets listed on the asset register.

Only addition in 2022/23 was the adoption of a Vehicle Activated Sign , included at a nominal value of £1. This has been correctly added at a nominal value as a donated asset.

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

Cash per box 8 to the accounts was £60,734 (21-22 £57,989)

I was able to confirm that the bank account is reconciled to the cashbook each quarter, via the cashbook spreadsheet. I was also able to confirm, by reference to minutes of Finance Committee meetings, that the bank reconciliation is discussed quarterly. The reconciliation is reviewed at the meeting, and a member of the committee then signs the reconciliation. .

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

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 excel spreadsheet. I note that the reconciliation has been reviewed by Councillor Beamish, and this review properly evidenced on the reconciliation and the bank statements.

I am satisfied that the Council met this control objective.

**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 – Harberton PC has elected to produce accounts on the receipts and basis, appropriate as income and expenditure are below £200k.

I am satisfied this control objective has been met.

**K: If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt.**

Not applicable, limited assurance review completed in 21-22. This will also be required in 22-23 as income is just above £25K.

**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**

Yes – the Council has published statutory documentation as required by the 2015 Transparency Code. The Council has an up to date website, and the 21-22 AGAR and audit certificate can easily be located on the website. An archive of previous year's AGAR documentation is published as required by regulations. Minutes of Council meetings are published on the website and were up to date at the time of my audit.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

## **M - Arrangements for Inspection of Accounts**

Inspection periods for 21-22 accounts were set as follows

<b>Inspection - Key date</b>	<b>21-22 Actual</b>
<b>Accounts approved at Full Council</b>	10 May Full Council
<b>Date Inspection Notice Issued</b>	17 May June
<b>Inspection period begins</b>	13 June
<b>Inspection period ends</b>	22 July
<b>Correct length</b>	Yes

The Council has met the requirements of this control objective.

## **N: Publication requirements 2021-22 AGAR**

The Statement of Accounts, Annual Governance Statement and the external audit certificate for 21-22 are published on the transparency page on the Council website. The external audit certificate was clear. There are no matters to take into consideration in the 2022-23 accounts. The Conclusion of Audit certificate was published on 8 August, after the date of the audit certificate (28 July), and before the regulatory deadline of 30 September. The external audit certificate was reported to the meeting of Full Council on 27 September (minute 12.1). The Council met the requirements of this control objective.

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

No trusts – confirmed by the Clerk.

I would like to thank you for your assistance with the audit. I attach the internal audit report from the AGAR and my invoice, for your consideration. In the meantime, do not hesitate to contact me if you have any questions at all.

I look forward to working with you again in 2023-24.

Yours sincerely



Mike Platten CPFA

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

### Appendix A – Recommendations

#### Points Forward – Action Plan

Matter Arising	Recommendation	Council Response
I have reviewed the legal agreement with TGC Solar, and confirmed the Council is due £1000 per annum per megawatt of solar power capacity. I have not been able to locate any calculations confirming that the payment has been calculated correctly.	It is recommended that this is followed up with TGC Solar to confirm accurate payments have been made to the Council.	

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP



## 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

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP



# Annual Internal Audit Report 2022/23

## HARBERTON PARISH COUNCIL

<https://www.harbertonparishcouncil.org/> AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

24/04/2023

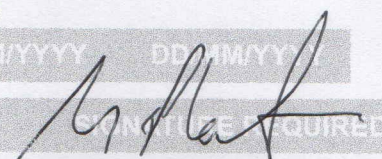
DD/MM/YYYY

DD/MM/YYYY

Name of person who carried out the internal audit

M PLATTEN ME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit



Date

24/04/2023

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).