

Ceri Rance
Clerk to Binfield Parish Council

26 April 2024

Dear Ceri,

Binfield 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 26 April and concentrated on the statement of accounts and balance sheet.

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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 continues to record financial transactions and produces accounts using the AdvantEdge package. This is an industry specific accounting package, and well suited to a Council like Binfield. Payroll is outsourced to a payroll agency, Bookings are recorded on an excel spreadsheet with all income booked into Advantedge. Again, this is appropriate, given the level of lettings activity at the Council. The RFO is highly experienced, and has carried out this role for a number of years

My testing has confirmed that reconciliations are up to date, and that there is a clear audit trail from the accounting system to supporting documentation and authorisations. All documentation to support transactions could be readily located using referencing within the accounting system.

I have confirmed that the Council's VAT returns are up to date, with the most recent claim for the 3 months to 30 September 2023 submitted to HMRC. The refund was received on 24 October, I have confirmed this to the cashbook. I checked that balances in the return could be agreed to schedules produced by the accounting system. VAT per the balance sheet at 30.9.23 was agreed to the September VAT return.

I checked the brought forward balances on the cashbook against the audited prior year annual return. I can confirm these have been brought forward correctly. Opening cash on the cashbook (£2,090,693) has been checked to the audited accounts for 22-23.

The external auditors (PKF) issued a clean audit certificate for 22-23, so there is nothing to be taken into consideration this financial year.

Final Audit

The accounting statements have been agreed back to year end reports produced from the Edge accounting system. Year-end balances per box 7 agrees to the accounting system balance sheet at 31.3.24. All comparatives reported in the financial statements have been agreed back to the audited 22-23 accounts, as published on the Council website. There was a system generated £2 rounding error in the draft accounts, this has now been corrected by the RFO.

I confirmed that the VAT return for period January to March 24 has been completed and submitted to HMRC. VAT of £22,584 was reclaimed. VAT reclaimed has been agreed to a schedule of transactions on the Edge VAT report for quarter 4 23-24. The RFO confirmed that the Council received the VAT refund on 19 April.

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My interim report was considered at the November Council meeting (minute 94.4). Proper consideration was given to the three recommendations raised, with Council responses recorded in minutes.

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

Standing Orders and Financial Regulations were reviewed at the Full Council meeting in June 2023, and an appropriate minute was recorded. Both documents are based on NALC templates, and the Financial Regulations include an appendix setting out in detail the payment authorisation process at Binfield. This sets out in detail the process whereby officers set up and check payments, and payments are approved for payment at a Council meeting. Payments are authorised at bank by a councillor.

I selected a sample of transactions from the ledger, amounting to £74K and I was able to confirm for all transactions that:

- Transactions could be agreed back to invoice, or minuted approval to pay grant
- VAT accounting correct
- Expenditure appropriate for the Council
- Transaction reported on payment list approved by councillors in minutes

I have one recommendation. The Council does not routinely retain goods received notes. These should be held, to demonstrate that the Council has received goods it has paid for. This is a requirement of financial regulations:

13.2. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 698,881, up from £166,965 in 22-23 .

I tested 10 further payments amounting to £478K and completed the following tests:

- Transactions could be agreed back to invoice, or minuted approval to pay grant
- VAT accounting correct
- Expenditure appropriate for the Council
- Transaction reported on payment list approved by councillors in minutes

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For all payments tested I was able to confirm that financial regulations had been followed. I note that the £532K increase in expenditure in 23-24 is primarily due to a £300K contribution to BFC due on the signing of the lease for Binfield Community Centre, a payment in lieu of future service charges. Other projects such as the refurbishment of the kitchen and replacement of playground surfaces have seen increased expenditure in 23-24.

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

Interim Audit

The Council has a risk management strategy in place and monitors and reviews risk on an ongoing basis. The risk register was reviewed by the Risk Review Working Party and adopted at the August Full Council meeting, minute 59.3. I have reviewed the risk register and I am satisfied that it covers risks appropriate to a Council of this size and activity. I note that the Council considers expenditure of CIL monies on the risk register and records mitigating controls in place against risks identified.

The Council is in year three of a 3 year deal with BHIB insurance. I have reviewed the policy document and can confirm it is in date, with an expiry date of 1 October 2024. Fidelity cover is set at £500K and asset cover appears consistent with the asset register. There is evidence that asset cover was reviewed prior to insurance renewal. The main areas of asset coverage are as follows:

| Asset Category | Value Insured (£) |
|------------------|-------------------|
| Buildings | 931K |
| Contents | 108K |
| Street Furniture | 120K |
| Playground | 264K |
| Surfaces | 235K |

The Council has a well-established process for backing up computer data. Accounting system data is backed up by Edge IT, with all data stored and backed up remotely by the software provider.

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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 commenced the process of preparing the budgets for 24-25. Council received version I of the budget at the October Full Council meeting. A second version of the budget will then be considered at the November Council meeting. The budget is due to be set at December Council, with an opportunity to make minor amendments to budget and precept at the January meeting. I am satisfied that plans are in place to ensure precept and budget are approved on time by the Council.

I have confirmed that regular budget monitoring reports continue to be issued to councillors at each Full Council meeting. I reviewed the budget report as presented to Councillors showing the budget position at September 2023. The monitoring report was comprehensive, providing clear information on spend and income recorded on the ledger, together with projections for the rest of the financial year. This is compared against the approved budget, with an additional column showing variations and budget amendments approved in the course of the financial year. The Council also receives a CIL tracker report, so is kept informed of CIL projects and expiry date on CIL funds. Minutes record councillor review of the budget position.

Final Audit

Reserves at 31 March 2024 were £2,202,710 (22-23 £2,080,483).

Earmarked reserves were as follows:

| RESERVES | |
|-------------------------------|--------------|
| Open Spaces Maintenance | 53,111.85 |
| Play & Recreation | 42,967.96 |
| Elections | 21,956.63 |
| Parish Office Facilities | 44,416.99 |
| Binfield Neighbourhood Plan | 5,353.04 |
| Village Projects | 26,443.81 |
| Community Infrastructure Levy | 1,721,712.74 |
| Lottery Fund | 0.00 |
| Tennis Courts resurfacing | 15,729.17 |
| Climate Change Responses | 5,000.00 |
| Legal Costs | 5,000.00 |
| Binfield Community Centre | 100,000.00 |

I note that the Community Centre reserve is funding that can be accessed to support costs of operating the new Community Centre – further funding is available from BFBC. I discussed the CIL reserve with the RFO. The Council is working on a number of projects to utilise CIL funding, these include upgrades of Binfield Community Hall and Farley Wood Centre.

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General reserves at year end were £160,818. This represents 57% of precept, which is around the mid-point of recommended levels set out in the NALC Practitioners' Guide.

The budget for 24-25 was reviewed and approved at the Full Council meeting on 14 November (minute 94.6) The precept was approved at the 12 December meeting, after publication of the council tax base by Bracknell Forest. A precept of £291,360 was set (minute 106.4) I confirmed the 24-25 budget is loaded into the accounting system, ready for budget monitoring in the new financial year.

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

Interim Audit

I confirmed room hire rates were reviewed and approved at a meeting of Full Council in July 2023. I have reviewed the Council's debtors ledger. At the time of the audit, debts outstanding stood at £5,706, the majority of this is the VAT claim for quarter 2. The debtors ledger appears to be under control.

I selected a sample of 5 income items from the ledger for the first 6 months of the financial year. For all items tested I was able to agree income collected to supporting documentation such as

- Council approved fees and charges schedules for room hire, plus booking records
- CIL receipt confirmed to statement provided by Bracknell Borough Council, and to bank transfer from the Borough Council.
- Minuted lease renewal for Foxes Den

I note that the Council has recently added the bookings module to the Edge Accountancy package, this should improve efficiency in the booking and invoicing process.

Final Audit

Precept per box 2 to the accounts was £278,688 (22-23 £244,524). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £687,113 (22-23 £593,026).

I reviewed a sample of income credits from the second half of the financial year, amounting to £169K. For transactions selected I was able to agree income back to remittance information provided by third parties

- Remittance advice notes from BFBC
- Bank statements for interest credits

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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 £144,691 (22-23 £128,071).

Payroll is processed by a payroll agency. All changes and overtime information are sent to the agency each month. Pay is then processed by the agency, payroll is sent to the Council and payment is processed following normal payment procedures.

I tested the August 2023 payroll in detail. I was able to agree the payroll posted to the general ledger back to the monthly payroll summary prepared by the payroll bureau. I also confirmed that payments made to pension providers and HMRC agreed to the payroll summary supplied by the payroll bureau. I selected 2 members of staff and agreed gross pay recorded on payslips agreed back to pay recorded on pay award letters. I recalculated gross pay and confirmed this could be agreed to annual staff pay award letter or contract of employment.

I have one minor recommendation. The Clerk's annual pay award letter should be signed by the Chairman or Chair of Staffing Committee. It is currently signed by the Deputy Clerk.

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

Final Audit

Fixed Assets per box 9 to the accounts were £1,098,039 (22-23 £1,061,175)

The figure in the accounts has been agreed to the fixed asset register, which is held on the Edge accounting system. The asset register correctly accounts for all assets at cost. The RFO provided details of changes to the asset register in 22-23 as follows

- Assets added to asset register - £54,296. The main addition is the new rubber surfacing at Wicks Green Play Area
- Disposals - £17,433. The main item removed is play area surfacing that has been replaced

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

Interim Audit

Reconciliations for all bank accounts are carried out regularly and in accordance with regulations. This is clearly evidenced by the reconciliation history on the Council's accounting system. I re-performed September 2023 bank reconciliations, see table below.

Table I - Internal Audit review of bank reconciliations September 2023

| Bank Account | Cashbook Balance 30.9.23 | Audit Work Completed |
|---------------------------|--------------------------|--|
| Barclays Current | 12148 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Barclays Business Reserve | 575166 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Business Reserve 2 | 0 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Lloyds 32 Day | 550336 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Lloyds Business | 94519 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| nat west bonus saver | 126801 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Nat West Current | 1100 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Public Sector Deposit | 1137403 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Unity Current | 833 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |

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April Skies

Accounting

| | | |
|----------------------|---------------------|--|
| Unity Instant Access | 102406 | Cashbook agreed to bank statement to end to September 2023 Confirmed by review of Edge accounting system that reconciliations have been completed each month in 23-24 |
| Total | 2,600,715.63 | |

The Council has cash holdings in excess of £2.5m, which is spread across 5 financial institutions. The RFO reported on compliance with the Council's investment policy at the September meeting of Full Council.

Bank reconciliations are reviewed periodically as part of checks carried out by the Internal Controller. A new Internal Controller has recently been appointed. It is recommended that evidenced checks on the bank reconciliation are put back into place as soon as possible, as there is no evidence that this check has been in place since June.

Final Audit

Cash per box 8 to the accounts was £2,193,842 (22-23 £2,090,694)

I reformed 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 accounting system. The bank reconciliations for each of the Council's bank accounts have been reviewed by Councillor Doyle, this has been evidenced on the bank reconciliations and each bank account statement.

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 income and expenditure basis, this is appropriate as income and expenditure at the Council is above £200k. A reconciliation between box 7 and 8 has been prepared, there is a schedule of debtors and creditors ready for inspection by external audit. A variance analysis is also ready to send to the auditors, this appears complete and to give clear explanations to the auditors.

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

Final Audit

The requirements of the Transparency Code 2015 apply to this Council, as gross income and expenditure is above £200K. Information is published on the Transparency Page on the website. I confirmed the following at the final audit:

- Expenditure over £500 – information published for the whole of 23-24 , so up to date

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- Grants - details of grants awarded in 23-24 and the purpose of these grant awards
- Procurement – details of all contracts over £5K
- Organisation Chart – published and up to date

I am satisfied that the Council publishes information required by the Transparency Code.

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 | 9 May Full Council |
| Date Inspection Notice Issued and how published | 2 June |
| Inspection period begins | 5 June |
| Inspection period ends | 14 July |
| Correct length | Yes exactly 30 days |

The Council complied with regulations in this area.

N: Publication requirements 2023 AGAR

The 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 24 July. The Council received clear audit certificate last year. The Conclusion of Audit certificate is also published, dated 31 July, before the statutory deadline of 30 September. The external audit certificate was reported to the August meeting of Council (minute 58.4). The Council met publishing requirements relating to the 22-23 audit.

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

No trusts.

I attach my invoice for your consideration together with the internal audit report from the AGAR. As this is my last audit with Binfield, I would like to take this opportunity to thank Amanda for her help with the audit over the past few years, and to wish you and the Council well in the future.

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 |
|--|---|--------------------|
| The Council does not routinely retain goods received notes. | These should be held, to demonstrate that the Council has received goods it has paid for. This is a requirement of financial regulations: | Now actioned |
| The Clerk's annual pay award letter should be signed by the Chairman or Chair of Staffing Committee. | It is currently signed by the Deputy Clerk | In place for 24-25 |
| A new Internal Controller has now been appointed | It is recommended that evidenced checks on the bank reconciliation are put back into place as soon as possible, as there is no evidence that this check has been in place since June. | Now in place |

No further points at the final audit.

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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