

Jane Bromley
Clerk to Loxwood Parish Council

14 April 2025

Dear Jane

Loxwood Parish Council

Final Audit Report 24-25

The internal audit for the 24-25 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 24-25. 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 28 January, this concentrated on in year financial transactions and governance controls. The final audit was carried out remotely on 14 April and concentrated on the statement of accounts and balance sheet.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

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

Interim Audit

The Council uses the RBS Alpha accounting 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 logically filed. Key reconciliations are completed monthly. The Clerk is the sole user of the RBS system.

I was able to agree the opening balances in the cashbook back to the audited accounts for 23-24. Box 7 in last year's audited accounts was £38,701. This has been agreed to the opening trial balance figure - £38,700.99 I am satisfied that the opening balance on the cashbook is accurate.

The Council submits VAT returns to HMRC on a quarterly basis. The most recent VAT return was completed for the period October to December 2024. VAT reclaimed was £202.61, this has been agreed to a schedule of transactions on the VAT report, produced by the accounting system. The claim has been refunded by HMRC, I have checked it into the bank account, date 9 January. I am satisfied that the Council is up to date with VAT.

Final Audit

The accounting statements have been agreed back to the year-end Detailed Annual Return Report produced from the RBS accounting system. All comparatives reported in the financial statements have been agreed back to the audited 23-24 accounts, as published on the Council website.

I confirmed that the VAT return for period January to March 25 has been completed and submitted to HMRC. This has a submitted date stamp of 31 March. VAT of £1,544 was reclaimed. VAT reclaimed has been agreed to a schedule of transactions on the RBS VAT report for quarter 4 24-25.

My interim report was considered at the February Council meeting (minute 27/025). Minutes show proper consideration of recommendations raised.

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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 have been reviewed by Council. Standing Orders were renewed at the Annual Council meeting (minute C76/2024) . Financial Regulations were reviewed at the June meeting (minute I08.2.) NALC templates are followed for both documents, with the new NALC template financial regulations now in place at Loxwood PC. Both documents are on the website, in the governance section.

The Council follows the following process to make payments to suppliers. Invoices are received from suppliers in course of each month, the Clerk checks goods or services have been received. A payment list is then prepared for each monthly council meeting, listing all receipts and payments to be approved at the meeting. This is signed by 2 councillors. The Clerk next sets up the payments at bank, and they are authorised by 2 councillors electronically. This is a robust process, compliant with financial regulations and with adequate separation of duties.

I sampled a number of transactions, selected from the Council's cashbook for the first 9 months of 24-5. For all transactions tested, I was able to confirm that

- Payments could be agreed to invoices
- VAT correctly accounted for
- Expenditure appropriate for the Council
- Payment included in a monthly payment list, signed off by the clerk and 2 councillors

I also tested a bank transfer to CCLA, I confirmed authorisation to make the transfer to minutes, and traced transfer from bank account to CCLA statement.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 30,648, down from £67,305 in 23-24.

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:

- Payments could be agreed to invoices
- VAT correctly accounted for
- Payment included on payment list signed by 2 councillors

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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 Hiscox, arranged by Gallaghers, on a standard local council package. The policy was in date at time of audit,

Continuous cover from 20/06/2024 until the policy is cancelled

No buildings are insured, assets insured are listed below:

Item description	Excess	Amount Insured
Total Buildings	N/A	£0
Gates and fences	£250	£0
Fixed outside equipment	£250	£2,601
Street furniture	£250	£47,714
War memorials	£250	£0
Playground equipment	£250	£87,212

Money cover is sufficient at £250K.

The Council risk register is due to be reviewed at the Full Council meeting in February 2025. I have reminded the Clerk to ensure that this is completed before the end of the financial year and a minute recorded at Full Council. I will review the risk assessment at my year end audit.

All computer data is Office 365 based and held on Microsoft cloud servers. Back up also taken to memory stick once a week.

Final Audit

The Council's risk assessment was considered at the February meeting of Full Council (minute 25/025). There are a number of risk assessments in place at the Council. I reviewed the finance risk assessment, this is a rather simple document that does not properly record risks and mitigating controls in place at the Council. I recommend that the finance risk assessment is reviewed in the course of 25-26 – risk assessments available on the websites of similar sized councils should be considered as a template. However, the Council has completed sufficient work to enable me to sign off this control objective.

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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 process for setting the budget and precept for 25-26 has been completed. The budget was considered by the Finance Committee, prior to approval by Full Council. The precept was approved at the December meeting of Full Council – minute 204.9 . A precept of £62K was set. For clarity, I recommend that the budget approved by the Council should also be recorded in minutes, and the detailed budget added to minutes as an appendix.

Full Council reviews budget v expenditure at each meeting. I checked the December outturn report, this was reported to the January meeting. The budget was on track at the time of my audit, expenditure £34K against a whole year budget of £53K. Income was ahead of budget, due to CIL receipts.

Final Audit

Reserves at 31 March 2025 were £117,886 (23-24 £38,701).

Reserves at 31.3.25 were as follows:

Earmarked

Reserve

EMR Traffic

Calming £499.00

Ring Fenced CIL £75,000.00

£75,499.00

General Reserve £42,387.00

Total £117,886.00

General reserves at year end were £42,387. This represents 79% of precept, which at the upper end of levels recommended in the NALC Practitioners' Guide. This is not inappropriate as the Council has minimal earmarked reserves, other than CIL.

CIL receipts of £75K received in 24-25 have correctly been set aside in an earmarked reserve.

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 £53,295 (23-24 £49,630). This has been agreed to third party documentation provided by Central Government.

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Income per box 3 to the accounts was £89,495 (23-24 £62,845).

I agreed a receipt of £75,000 to a email confirmation from Chichester DC, this was also been checked to the bank statement. The CIL receipt has been set aside in an earmarked reserve – see section D above. The Council will need to publish a CIL report annually on the council website by 31 December each year.

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 £28,051 (23-24 £24,934).

I tested the Clerk's salary for August 2024. I agreed payment from cashbook to the monthly payroll summary report from WSCC. I then agreed Clerk's pay to payslip. Gross pay was recalculated and agreed back to

- JNC pay award for 23-24 (23-24 not yet agreed in September)
- Minutes of Council in November, confirming Clerk's pay.

At the final audit I confirmed that box 4 to the accounts only included costs relating to the employment of staff, as required by regulations.

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

Final Audit

Fixed Assets per box 9 to the accounts were £125,872 (23-24 £123,681)

The fixed asset register is currently recorded on a word document. As a minimum this should be moved on to excel to allow arithmetic checks to be completed.

The figure in the accounts has been agreed to the fixed asset register – arithmetic in the asset register has been checked. 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 24-5 as follows:

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Disposals:

Dell Laptop (June 2018) - Decommissioned (€739.00)

Additions

Office (Presentation boards €578 & Dell Laptop €857) 1435.00

Radar Gun 515.50

Street Furniture: Fingerpost 980.00

All assets were correctly added to the asset register at cost, and minutes confirm council approval for disposal of old laptop.

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 and that it is reviewed at Council meetings. I re-performed the bank reconciliation for December 2024. I tested the following.

- Checked arithmetic
- Agreed balances to RBS accounting system and to bank statements
- Confirmed that the bank reconciliation has been reviewed by Councillor Woods, evidenced by signature on the reconciliation and the bank statements

The reconciliation was reported to the January council meeting - minute 9.1

The Council has an investment policy in place. This was last reviewed at the February 24 meeting of Full Council.

Final Audit

Loans at 31.3.25 were £21,154 (23-24 £25,000)

The balance has been agreed to the year-end statement supplied by the Debt Management Office.

Cash per box 8 to the accounts was £117,886 (23-24 £38,701)

I re-performed 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 have all been reviewed by a councillor, this is evidenced by signature on the face of bank reconciliations and bank statements.

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The Council has an investment policy in place, this is required by legislation and was approved at Full Council in February 2024.

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 Loxwood Parish Council, as gross income and expenditure is below £200K. However, I can confirm that an archive of AGAR documentation is published as required by regulations alongside other information such as the annual budget.

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	7 May Full Council
Date Inspection Notice Issued	31 May
Inspection period begins	3 June
Inspection period ends	12 July
Correct length	Yes

All regulatory requirements were met.

N: Publication requirements 23-24 AGAR

The audit certificate, Statement of Accounts and Annual Governance Statement have been published on the Council website. The external audit certificate is dated 8 August. The Conclusion of Audit certificate is also published, dated 27 August, before the statutory deadline of 30 September. The audit certificate was reported to Full Council in September - minute 145/2025. A clear audit certificate was reported, bar a minor point regarding the internal audit report for 23-24. The Council met publishing requirements.

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

The Clerk confirms that the Council is not sole trustee of a charity and therefore ticks box 9 on the Annual Governance Statement as no.

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

☎ 07958 990310

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Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
The precept was approved at the December meeting of Full Council – minute 204.9.	For clarity, I recommend that the budget approved by the Council should also be recorded in minutes, and the detailed budget added to minutes as an appendix.	Noted for next budget

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
I reviewed the finance risk assessment, this is a rather simple document that does not properly record risks and mitigating controls in place at the Council. .	I recommend that the finance risk assessment is reviewed in the course of 25-26 – risk assessments available on the websites of similar sized councils should be considered as a template	

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 last year
O	Trust Funds	No trusts

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