

Jane Bromley  
Clerk to Loxwood Parish Council

28 January 2025

Dear Jane

**Loxwood Parish Council**

**Interim Audit**

Following the interim audit completed on 23 January, 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 9 months of financial year
- Testing of income – first 9 months of financial year
- Risk management and insurance
- Salaries
- Budget monitoring
- Arrangements for inspection of accounts
- Bank reconciliations.

I am pleased to report that overall Council has maintained a satisfactory system of financial control. Recommendations for improvement are set out 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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## **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.

## **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

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- 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.

**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.

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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.

I will review reserves at my year end audit.

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

Year end test – minimal non precept and bank interest income.

**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 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.

**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.**

**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.

**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 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.

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**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.

**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. I would like to take this opportunity to thank you for your help with the audit. I look forward to seeing you in April for 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
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.	

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