



Simon Thwaites
Parish Clerk
Sandridge Parish Council
Marshalswick Community Centre
The Ridgeway
St. Albans
Herts
AL4 9TU

28th May 2024

Dear Simon,

Year End audit Cover Letter (with Interim)

An audit was carried out by Kevin Rose on Thursday 25 April 2024. This was the Year End audit following on from the interim audit carried out on 20 November 2023.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 203 items. A total of 52 items were tested during this audit in addition to the 134 items tested and checked during the interim audit. 17 further items were checked during this audit and confirmed as being 'Not Applicable' to Your Council. All items on the checklists were tested during the year.

Areas subject to audit were;

- the Payment system (Box B)
- Risk and insurance (Box C)
- Budget and precept setting and monitoring (Box D)
- Payroll(Box G)
- Assets and investments (Box H)
- Bank reconciliations (Box I)
- Accounting Statements (Box J)

Summary of tests undertaken this audit

Positive response	48
Negative response	4
Not Applicable to your Council	17
Total tests carried out	<u>69</u>

Of the 52 applicable items tested a Positive response was obtained in respect of 48 tests. There were 4 Negative responses identified and 4 Observations were made, details of which are set out in the attached Year End Internal Audit Observations.

Summary of tests undertaken for the financial year (including the Interim audit)

Positive response	156
Negative response	5
Not Applicable to your Council	42
Total tests carried out	<u>203</u>
Tests not carried out	Nil

I am pleased to advise that no 'Non-Compliances' were identified that would give rise to a negative response on the statutory Annual Internal Audit Report.

I would like to express my thanks for the assistance and hospitality provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director

Sandridge Parish Council
Financial Year 2023-24



IAC Audit and Consultancy Ltd

Audit date: 25 April 2024

Year End Internal Audit Observations

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.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Salaries paid agree with those approved by the council	No	It was not possible to verify the monthly pay, and hourly rate for one member of staff.	Council to review and confirm the rate of pay for the member of staff identified.	High	The salary for this post was originally based on SCP 6, solely because that was the previous postholders grade. A report was made before the appointment recommending a 30 hour (previously 37 hours week) to attract better candidates. So, at the time (June 2022) a salary of £20,043 seemed to produce the right monthly income for the rather unpredictable nature of the job. It was agreed that, by not being part of the normal NJC progression scheme there would be no scale for the postholder to move up within but that he/she would receive the same inflationary increase as other staff – this would be a direct uplift if a % was awarded or a pro-rata uplift if a fixed sum was awarded. So, current salary = £20,043 + 22/23 award (£1,925/37 x 30) + 23/24 award (£1,925/37 x 30) = £23,165 (24/25 award pending). Hourly overtime is calculated as £23,165 / 52 / 30 = £14.85. The Auditor's point is that a practical consequence of how the pay awards have been calculated is that the rate of pay will gradually decline when compared to SCP6, basically because the pay increase has been calculated on 30 x 52 hours, rather than 37 x 52 hours (the original base salary computation). So, the original base salary was benchmarked to FTE hours, but the salary increases subsequently have been based on 30/37 hours and not on FTE. Committee Members must decide if this is a matter to be addressed.

H Asset and Investments registers were complete and accurate and properly maintained.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The asset register has been subject to review by Council	No	As at the date of the year end audit the asset register had not been subject to formal review and approval by Council.	Prior to the approval of the Accounting Statements the Council should formally review and approve the asset register and any additions or disposals made in the 2023/24 financial year.	Medium	The Asset Register will be reviewed for approval by the Finance Committee on 5th June and Full Council on 12th June 2024.

1 Periodic bank account reconciliations were properly carried out during the year.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Year End Cash balances have been subject to independent confirmation	No	Year End Cash balances have not been subject to independent confirmation	The Council should ensure that, in future, year end cash balances are subject to independent confirmation.	Medium	The Deputy Clerk will ensure year end cash balances (petty cash) are independently verified in future.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Audit Extended Trial Balance agrees to draft Accounting Statements	No	<p>The Internal Audit Extended Trial Balance does not agree to the draft Accounting Statements. The balances stated for boxes 3, 6 and 7 do not agree to the balances from the SAGE accounting system. An additional difference on Box 4 was rectified by the Councils accountant after query. Particular issues that remain unresolved are:</p> <p>1. Income of £1,152.40 received on nominal code 4342 has incorrectly been netted off against Box 5 Other Cost. This is incorrect as costs and income should not be netted off against each other.</p> <p>2. An incorrect journal entry for £548.65 has been passed which debited nominal expenditure code 4215 Clothing Banks and credited a resource code 3074 Clothing Banks. This is a fundamental error as entries should never be passed directly between income or expenditure codes and reserves codes.</p> <p>3. The Box 7 carried forward number does not agree to Sage by £341.</p>	<p>The Council to note that the values stated in the draft Accounting Statements do not agree to the SAGE Extended Trial Balance.</p> <p>Council to review the values stated in the draft accounting statements to ensure that they agree to the Councils underlying SAGE accounting records.</p> <p>In future the Council to ensure that the values for the AGAR Accounting Statements are produced directly from the SAGE balances and therefore agree to the underlying accounting records.</p>	High	<p>It is disappointing that again, the Sage extended trial balance differs as stated in the three items left to the draft Accounting Statements. It has not been possible to correct these errors in time for dispatch of the Finance Committee agenda papers. The figures contained within the draft Accounting Statements (Section 2) must stand for the purposes of review, however, the Clerk will endeavour to liaise with the Council's accountant to correct the 3 items detailed left in advance of Full Council on 12th June 2024. If successful, a reconciliation between the figures presented to the Finance Committee and those to Full Council will be included in the Full Council papers. If it's not possible to correct these errors prior to June 12th, the Clerk will ask Full Council to treat the items as not material and the current figures will stand. In any event, the Clerk undertakes to ensure that in all future Annual Returns the figures contained within the Accounting Statements (Section 2) reflect precisely the Sage Extended Trial Balance.</p>

Annual Internal Audit Report 2023/24

Sandridge Parish Council

sandridge-pc.gov.uk

During the financial year ended 31 March 2024, 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 2023/24 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.	Yes		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Yes		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Yes		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Yes		
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.	Yes		
H. Asset and investments registers were complete and accurate and properly maintained.	Yes		
I. Periodic bank account reconciliations were properly carried out during the year.	Yes		
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.	Yes		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			N/A
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.			N/A
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 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	Yes		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	Yes		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			N/A

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
23/05/2023 20/11/2023

Name of person who carried out the internal audit
Kevin Rose ACMA- IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit



Date

28/05/2024

***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).