



Clerk to the Council
Tongham Parish Council
Community Centre
Poyle Road
Tongham
Surrey

5th June 2025

Dear Kevin,

Re: Tongham Parish Council
Internal Audit Year Ended 31 March 2025 – Year-End Audit report

Executive summary

Following completion of our year-end internal audit we enclose our report for your kind attention and presentation to the council. This report contains details of the additional testing conducted at year-end and should be considered alongside any interim audit reports issued. The audits were conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of this is available on request. The report concludes with an opinion as to whether each assertion has been met or not. Where appropriate **recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings.

Regulation

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. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit’s function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority’s approval of the annual governance statement.

Independence and competence

Your audit was conducted by Mark Mulberry of Mulberry Local Authority Services Ltd, who has over 30 years' experience in the financial sector with the last 13 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Engagement Letter

An engagement letter was previously issued to the council covering the 2024/25 internal audit assignment. Copies of this document are available on request.

Planning and inherent risk assessment

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

Year-End Audit

The year-end audit was conducted on site. Information was requested from the council in advance of the audit taking place, and this was reviewed along with other information published on the council's website <https://tonghamparishcouncil.gov.uk/>

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2023/24 Audit point bfwd

Audit Point	Audit Findings	Council comments
Precept	The council set a precept of £42,190 for 2023/24 In January 2022. With a tax base of 1,005.1 (2022/23: 931.1) this equates to a band D equivalent of £41.98 (2022/23: £36.29) - compared to the average in England of £79.35 (2022/23: £74.81). The minutes do not detail the council resolved to set a precept, rather they approved a budget. I recommend the minutes are more detailed future.	On-going – council minute 7b in December 2024 shows no change. If this is not rectified for January 2026 the audit report will be qualified
Publication	The council has model publication scheme dated 2009. I recommend this is reviewed and updated during the 2024/25 council year.	On-going - If this is not rectified for March 2026 the audit report will be qualified

2024/25 Audit point bfwd

Audit Point	Audit Findings	Council comments
Excel cash book	I would recommend the supplier invoice number is referenced within the cashbook to make the physical copy easier to identify.	On-going – pending change to a financial reporting package.
Web site minutes	Draft minutes are uploaded to the council website. These are however, blind scans and are not accessible. I recommend a .pdf version is exported from the original word and posted to the website, together with additional wording in the heading to say signed minutes are available on request.	Completed
Review of financial regulations and standing orders	I recommend a table is added to the face of the document to show when last reviewed, minute ref and next review date and that they are reviewed before the end of the council year.	On-going
Order approval process	In the case of the first expenditure to Oakley Contractors of £12,000 for a Ramp in April 2024. The invoice was located, but in the cashbook it has been entered gross and the VAT of £2,000 not reclaimed. The clerk is going to investigate. I recommend that the text of the financial regulation is reviewed and day to day practices updated to ensure there is a robust audit trail to prove beyond reasonable doubt that orders were approved authorised and paid in accordance with financial regulations.	Completed and adjusted
Reporting against budget	I would recommend that the budget column is updated to include precept income otherwise it looks a little skewed.	Completed
Bank reconciliation	I recommend a simpler filing system for the bank statements.	On-going

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

Audit findings

Check that the council's Finance Regulations are being routinely followed.

Further to the testing conducted at the interim audit, I checked a sample of invoices and payments made towards the end of the financial year. I was able to confirm amounts processed matched the amounts paid on the bank statements, were consistent with the associated invoice and had been approved in accordance with the council's adopted Financial Regulations.

I am satisfied the requirements of this control objective were met for 2024/25.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Audit findings

I asked if assertion 8 of the annual governance statement had any impact on the council. There is no impact.

"We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements."

The Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

I am satisfied the requirements of this control objective were met for 2024/25.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Audit findings

The council reports against budget on a quarterly basis, Q4 was not completed due to the clerk leaving; however, Q1 to Q3 were complete. I am under no doubt that the council received budget versus actual information.

At the end of the financial year, the council held circa £45,000 in earmarked reserves (EMR) and a further £53,642 in the general reserve. The earmarked reserves are listed and appear to be for bonafide ongoing projects.

The Smaller Authorities Proper Practices Panel (SAPPP) formally JPAG Practitioner's guide states *'the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure'* (para 5.33).

I estimate the net revenue expenditure to be circa £35,000 pa. This gives a general reserve range of £8,750 to £35,000. The general reserve balance is not within the recommended range it is currently high, council will need to consider this at budget setting.

I am satisfied the requirements of this control objective were met for 2024/25.

G. PAYROLL

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

I reviewed the total figure being included within box 4 (staff costs) on the Annual Governance and Accountability Return (AGAR) and was able to confirm this includes only salary payments, HMRC payments and pension contributions.

I am satisfied the requirements of this control objective were met for 2024/25.

H. ASSETS AND INVESTMENTS

Internal audit requirement

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

Audit findings

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) on the AGAR and was able to trace the changes to the previous year's total against the asset register. I confirmed by sample testing of the invoices that items added during the year has been accurately recorded as the original net purchase price.

I am satisfied the requirements of this control objective were met for 2024/25.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

I reviewed the March 2025 bank reconciliation for all accounts and was able to confirm the balances to the bank statements and cashbooks and found no errors. The balances agreed to the end of year AGAR.

The council benefits from the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS). The council also has an adopted investment strategy on its website.

I am satisfied the requirements of this control objective were met for 2024/25.

J. YEAR END ACCOUNTS

Internal audit requirement

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.

Audit findings

The council, at its meeting to sign off the year-end accounts, must discuss Section 1 of the AGAR (Annual Governance Statement) and record this activity in the minutes of the meeting. **COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM PRIOR TO THE SIGNING OF SECTION 2 OF THE AGAR (ANNUAL ACCOUNTS).**

Section 1 – Annual Governance Statement

Based on the internal audit finding I recommend using the table below as the basis for that discussion.

	Annual Governance Statement	'Yes', means that this authority	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	YES – the requirements and timescales for 2023/24 year-end were followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	YES – the council has appointed an independent and competent internal auditor.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	YES – matters raised in internal and external audit reports have been addressed.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.

	authority and. Where appropriate, have included them in the accounting statements.		
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	N/A – the council has no trusts.

Section 2 – Accounting Statements

AGAR box number		2023/24	2024/25	Internal Auditor notes
1	Balances brought forward	28,386	36,381	Agrees to 2023/24 carry forward (box 7)
2	Precept or rates and levies	42,190	49,399	Figure confirmed to central precept record
3	Total other receipts	22,514	95,708	Agrees to underlying accounting records
4	Staff costs	12,265	12,198	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	0	0	Confirmed to PWLB documents
6	All other payments	44,444	70,648	Agrees to underlying accounting records
7	Balances carried forward	36,381	98,642	Casts correctly and agrees to balance sheet

8	Total value of cash and short-term investments	36,381	98,642	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long-term investments and assets	517,127	572,256	Matches asset register total and changes from previous year have been traced
10	Total borrowings	0	0	Confirmed to PWLB documents

For Local Councils Only		Yes	No	N/A	
11a	Disclosure note re Trust Funds (including charitable)		<input checked="" type="checkbox"/>		<i>The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.</i>
11b	Disclosure note re Trust Funds (including charitable)			<input checked="" type="checkbox"/>	<i>The figures in the accounting statements above do not include any Trust transactions.</i>

Audit findings

The year-end accounts have been correctly prepared on an receipts & payments basis with no requirement for a box 7 and 8 reconciliation. However, significant input was required from the auditor this year as it was clear the cashbook spreadsheets were incomplete. I am no longer sure the council benefits from the use of excel and I suggest the council consider a financial reporting package for future years.

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2023/24 and published on the council website.

The variance analysis will need to be completed with sufficient numerical and narrative data to explain the variance from year to year.

I am satisfied the requirements of this control objective were met for 2024/25.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick “not covered”)

Audit findings

The council did not certify itself exempt in 2023/24 due to not exceeding the income and expenditure limits therefore this test does not apply.

L: PUBLICATION OF INFORMATION

Internal audit requirement

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

Audit findings

We have considered the requirements of Statutory Instruments 2015/480 The Local Government (Transparency Requirements) Regulations 2015 [<https://www.legislation.gov.uk/ukxi/2015/480/made/data.pdf>] and, 2015/494 The Smaller Authorities (Transparency Requirements). https://www.legislation.gov.uk/ukxi/2015/494/pdfs/ukxiem_20150494_en.pdf

In addition to this, we have considered the additional publication requirements as set out in the ICO Model Publication Scheme for Parish Councils. <https://ico.org.uk/media/for-organisations/documents/1153/model-publication-scheme.pdf> & https://ico.org.uk/media/for-organisations/documents/1266/parish_council_information_guide.doc

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority’s website)

- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (b) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

The council has income and expenditure less than £200k but greater than £25k and as such falls outside the scope of both sets of transparency codes; however, it is recommended as best practice to publish information in line with the requirements of the Local Government Transparency Code 2015.

I reviewed the model publication scheme requirements and can confirm the council has a dedicated web page in place to cover the requirements.

I was able to confirm that pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor’s Report and Certificate) of the AGAR are available for review on the council website for financial years 2018/19 to 2023/24 inclusive.

I am satisfied the requirements of this control objective were met for 2024/25.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**Internal audit requirement**

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 2024/2025 AGAR period, were public rights in relation to the 2023/2024 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).

Audit findings

Inspection – key dates	2023/24	2024/25 Proposed
Date AGAR signed by council	20 th May	16 th June
Date inspection notice issued	21 st May	18 th June
Inspection period begins	3 June 2024	23 rd June
Inspection period ends	12 July 2024	1 st August
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	Yes

I am satisfied the requirements of this control objective were met for 2023/24, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

I was able to confirm that the proposed dates for 2024/25 meet the statutory requirements.

I am satisfied the requirements of this control objective were met for 2024/25.

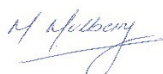
Achievement of control assertions at year-end audit date

Based on the tests conducted during the year-end audit, our conclusions on the achievement of the internal control objectives are summarised in the table below and are reflected in the completion of the Annual Internal Audit Report within the AGAR.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	<input checked="" type="checkbox"/>		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	<input checked="" type="checkbox"/>		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	<input checked="" type="checkbox"/>		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	<input checked="" type="checkbox"/>		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			<input checked="" type="checkbox"/> None
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.	<input checked="" type="checkbox"/>		
H	Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>		
I	Periodic bank account reconciliations were properly carried out during the year.	<input checked="" type="checkbox"/>		
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.	<input checked="" type="checkbox"/>		
K	If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			<input checked="" type="checkbox"/> 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	<input checked="" type="checkbox"/>		
M	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 2024/2025 AGAR period, were public rights in relation to the 2023/2024 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	<input checked="" type="checkbox"/>		
N	The authority has complied with the publication requirements for 2023/24 AGAR.	<input checked="" type="checkbox"/>		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			<input checked="" type="checkbox"/> N/a

Should you have any queries please do not hesitate to contact me.

Yours sincerely



Mark Mulberry
Mulberry Local Authority Services Ltd

Year-End Audit - Points Carried Forward

None at the year end

Audit Point	Audit Findings	Council comments
Accounts	The variance analysis will need to be completed with sufficient numerical and narrative data to explain the variance from year to year.	
Reserves	I estimate the net revenue expenditure to be circa £35,000 pa. This gives a general reserve range of £8,750 to £35,000. The general reserve balance is not within the recommended range it is currently high, council will need to consider this at budget setting.	
Accounts	The year-end accounts have been correctly prepared on an receipts & payments basis with no requirement for a box 7 and 8 reconciliation. However, significant input was required from the auditor this year as it was clear the cashbook spreadsheets were incomplete. I am no longer sure the council benefits from the use of excel and I suggest the council consider a financial reporting package for future years.	
Items bfw	Please attend to the on-going matters	