

Paula Benson

Clerk to Ripon City Council

29 May 2025

Dear Paula

### **Ripon City Council – Internal Audit 24-25**

#### **Final Audit Report**

The internal audit for the 24-25 financial year is now complete. I am pleased to report that the Council successfully maintained a satisfactory system of financial control. As reported at my interim audit, there is one matter I will need to qualify in my year end report :

Control Objective M: Exercise of Public Rights - Inspection of Accounts	The Council did not meet regulatory requirements in 23-24, due to late production of the AGAR. I reported this in my year-end report for 23-24, and it has also been picked up by external audit:
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The Council must also mark box 4 on the Annual Governance Statement as “No”

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 24-5. 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 three stages. Interim audits were carried out on 3 December and 27 February, with the year end audit completed remotely on 27 May.

23-24 balances recorded on the Scribe annual return report were agreed to the audited accounts published on the Council website, with the following exception:

Box No ( from Accounting statements	23-24 audited accounts	23-24 comparative in 24-25 AGAR	Difference
4 – Staff Costs	121,962	126,639	4,677
6 – Other Expenditure	224,535	241,904	17,369
7 – Balances Carried Forward	883,232	861,186	22,046

The reasons for this restatement were audited at my first interim audit – see above. The Council has typed restated over the relevant sections of the AGAR, working papers are available for review by external audit, should they be required.

The year end VAT return, covering the period 1 January 2025 to 31 March 2025 has been completed and was submitted HMRC on 14 April . VAT to the value of £2,279 was reclaimed, this has been agreed to a the VAT report extracted from the accounting system, and to the year end balance sheet.

The interim audit was reported to Full Council at the January 2025 meeting (minute 6/25)

# April Skies

## Accounting

### Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 270,506, up from £241,904 (restated) in 23-24.

I tested 2 further payments from the month 12 cashbook, and checked the following:

- Cashbook entry agreed to invoice
- VAT accounting correct
- Payment set up by the administrator and approved by the Clerk (check to unity bank log)

Creditors at year end were £81K. I reviewed the creditors schedule and confirmed the following items were properly set up as year end accruals ( services received by Council but not yet billed):

- 2024 Christmas Lights bill - £39.5K
- 2 years rent – Hugh Ripley Hall - £15K
- 2 years caretaking - Hugh Ripley Hall - £14K

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

### First Interim Audit

The Council is insured with Aviva Insurance on a standard local council package organised by the brokers, Clear. The policy was in date at time of audit, with an expiry date of 31 March 2025. Assets insured are:

Property Insured	Declared Value	Sum Insured
Buildings	£167,817	£201,380
Contents	£450,360	£540,432
Other Property Insured away from the Premises		
Street Furniture	£100,000	£120,000
Walls, Gates and Fences	£40,000	£48,000
Playground Equipment	£100,000	£120,000
CCTV Equipment	Not Insured	£0
War Memorials	£75,000	£90,000
Ground Surfaces	Not Insured	£0
Mowers and Machinery	£25,000	£30,000
Sports Equipment	£30,000	£36,000
Regalia	£996,099	£1,195,318

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### **Final Audit**

The risk assessment review for 24-25 was finalised at the Full Council meeting on 4 March. Minute 37/25 confirms the review of the risk assessment, including the financial risk assessment.

**D - The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

### **Second Interim Audit**

The Council has completed the process of setting the 25- 26 budget and precept. These were approved at the January 20 meeting of Full Council ( minute 7.25) A precept of £483,200 was approved. A detailed budget has been approved using the Scribe budget preparation tool, this was included in agenda papers for the January Council meeting. The approved budget for 25-26 shows receipts of £513K against payments of £527K, the balance being funded from reserves.

The Council continues to receive budget monitoring reports at each meeting. I checked the binder for the January 2025 meeting, and confirmed that the Council received the "Summary Receipts and Payments" report from the Scribe system for the period to the end of December 2024, this includes detail of actual spend against budget.

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

### **Second Interim Audit**

I selected a sample of income transactions from the cashbook for the first 11 months of the financial year, this included donations from external organisations and income from hirers. For all transactions tested, I was able to agree cashbook entry back to invoice, and to bank account.

### **Final Audit**

Precept per box 2 to the accounts was £457,800 (23-24 £420,000). This has been agreed to information supplied by Central Government.

Income per box 3 to the accounts was £74,876 (23-24 £54,062). I tested one further transaction, a credit of £11,196 from NYCC for hornblower costs. This was agreed to a purchase order from NYCC and checked to the RCC bank statement.

**F - Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.**

The Clerk confirmed that the Council has no 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.**

### **Final and Second Interim Audit**

Staff costs per box 4 to the accounts were £170,124 ( 23-24 £126,639 restated).

The Council employs 4 permanent members of staff. Casual payments are also made in respect of a number of ceremonial positions, including Hornblowers and Mayor's Sergeant. Payroll is processed externally, by Yorkshire Accounting Services.

I checked the payroll for August 2024. I was able to agree cashbook figure for net pay back to the payroll report provided the payroll company. I tested 2 salaried members of staff. I was able to agree gross pay back to pay award documentation signed off by the Head of Staffing Committee. or contract of employment.

The payment to HMRC for August was agreed from the cashbook back to summary payroll information provided by the payroll company.

The Clerk has shared a ledger report showing that box 4 only records costs relating to employment of staff ( salaries / NI / pension) as required by regulation.

The Council must review its investment policy. This is appropriate, as the Council is holding £1 million+ in the Unity Account at any point in time. The investment policy review should be finalised in the next few months and monies transferred to appropriate savings accounts. This review should include the Nationwide account, and whether it is still needed.

### **Second Interim Audit.**

The Council completed a review of investments and cash holdings at the November meeting of Full Council, minute 99/24.5, where the Council resolved to move cash from the current account to a 12 month fixed term account and a saver account. I can confirm that this has been actioned, and at the end of February, cash holdings were as follows:

Unitary Trust Bank	£39,266.63
HSBC	£20,000.00
Nationwide	£102,388.82
12-Month Fixed Term Deposit Account	£680,000.00
Unity Trust Bank Instant Access Acc	£203,827.15
<b>Total in Banks</b>	<b>1,045,282.60</b>

The new investment policy is due to be approved at the Council meeting on 4 March. I am satisfied that the Council has now responded to recommendations raised in this area.

### **Final Audit**

Cash per box 8 to the accounts was £1,032,200 (23-24 £871,270)

I reperformed the year end bank reconciliations. I was able to agree reconciliations to year end cashbook and bank statement balances for the 5 bank accounts, there were no reconciling items. The year end bank reconciliations have been reviewed by a councillor, this has been properly evidenced on the bank reconciliation and on the bank statements.

**I - 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 – RCC has produced accounts on an accruals basis, it is required to do this as income / expenditure is above £200k. Debtors and creditors have been identified. A reconciliation between Box 7-8 of the accounts has been prepared.

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

**Second Interim Audit.**

The Council is sole trustee of the Alderman Tom F Spence Charity – Charity Number 1002235. The 23-24 annual return was submitted to the Charity Commission on 21 January 2025, just before the statutory deadline. Income and expenditure are beneath the level where an independent examination is required.

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

Appendix A

First Interim Audit Recommendations - 24-25 audit

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## Accounting

"Fixed assets have increased by £12K since last year end. I have reviewed the asset register and have identified £5.6K worth of additions in 23-24. This leave £6.4K unaccounted for. "		
The Council must review its investment policy. This is appropriate, as the Council is holding around £900K to £1 million in the Unity Account at any point in time.	The investment policy review should be finalised in the next few months and monies transferred to appropriate savings accounts. This review should include the Nationwide account, and whether it is still needed.	<b>Now actioned</b>
23-24 Inspection Period	The Council must mark assertion 4 on the Annual Governance Statement as "NO"	<b>Year end</b>
23-24 external audit certificate	The audit certificate should be reported to the next meeting of Full Council.	<b>Noted at December Council meeting</b>



## Appendix B

### Internal Audit Control Objectives – Marked as not covered

Control Objective	Area for Audit	Why this has not been audited
K	Exemption from limited assurance review	Council had limited assurance review in 23/4
F	Petty Cash	No Petty Cash