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Our Ref: MARK/HUR006

Mrs A Emery
Hurst Green Parish Council
Village Hall
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22 April 2022

Dear Anita

Re: Hurst Green Parish Council
Internal Audit Year Ended 31 March 2022

Executive summary

Following completion of our final audit on 22 April 2022, we enclose our report for your kind attention and presentation to the council. The audit was conducted remotely 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. **Testing requirements are shown in red** and where appropriate **recommendations for future action are shown in bold text and summarised in the tables at the end of the report.**

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, followed by recommended minimum testing requirements. Each section is then concluded with an opinion as to whether the assertion has been met or not.

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

It is clear the council takes governance, policies and procedures very seriously and 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, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Hurst Green Parish Council are well established and followed.

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 Andy Beams of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor has over 30 years' experience in the financial sector with the last 12 years specialising in local government.

Engagement Letter

An engagement letter was issued to the council covering the 2021/22 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.

- There have been no instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover

It is my 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.

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A. BOOKS OF ACCOUNT (INTERIM AUDIT)**Internal audit requirement**

Appropriate accounting records have been properly kept throughout the financial year.

Recommended minimum testing:

- Ensure the correct roll forward of the prior year cashbook balances to the new financial year
- Check a sample of financial transactions in cashbooks to bank statements, etc.: the sample size dependent on the size of the authority and nature of accounting records maintained

Audit Findings

The audit was conducted on site with the RFO. The financial aspects of the audit were conducted in detail, and the RFO was able to provide the requested information. Other parts of the audit were completed through review of the information on the council website, and any comments are based on the information I was able to access at the audit date. I have not spoken directly with the Clerk.

The council has moved this year to use the Rialtas Business Solutions (RBS) software accounting package for recording the day-to-day financial transactions of the council. This is a tried and tested industry specific package and I make no recommendation to change. The system is used regularly to record transactions and produce management information reports for consideration by council.

I reviewed meeting agendas and minutes on the website and was able to see clear resolutions being made with regard to the council's financial affairs. There is evidence of regular financial reporting, authorising of payments and consideration by council of matters materially affecting the council's financial situation.

The council is not VAT registered and makes a VAT reclaim every six months. I checked the reclaim for the period 1 April to 30 September 2021 which showed a refund position of £1,673.07. I was able to verify receipt of this amount to the council's bank account on 29 October 2021. The council is up to date with its postings.

Overall, I have the impression that the accounting system of the council are suitable for a council of this size.

Section conclusion

I am of the opinion that the control assertion of "Appropriate accounting records have been properly kept throughout the financial year" has been met.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS (INTERIM AND FINAL AUDIT)**Internal audit requirement**

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

Recommended minimum testing:

- Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the Standing Orders and Financial Regulations which should be based on the latest version.
- Ensure that consistent values are in place for the acquisition of formal tenders between Standing Orders and Financial Regulations (frequently different limits are recorded in the two documents)
- Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation
- Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments
- Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements

- Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place

Audit Findings

Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit.

The external auditor's report was qualified for 2020/21 as 'the council failed to approve the AGAR in time to publish it before 1 July 2021, the date required by the Accounts and Audit Regulations 2015 and did not disclose this by answering 'No' to Section 1, Box 1'.

The external auditor also noted that 'the council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2021/22 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23'.

Through discussion with the RFO, I understand the delayed approval of the AGAR was a consequence of issues with arranging the internal audit last year. I noted that council approved the change to Mulberry & Co as the internal auditor at the meeting held in January 2022.

The external auditor's certificate and Notice of Conclusion of Audit are published on the council website, and the findings were reported to the council at the meeting held on 26 October 2021.

Confirm by sample testing that councillors sign statutory office forms

The website includes information on each councillor and contains a link to the Rother District Council website where the Member Declarations of Interest Forms are published.

Confirm that the council is compliant with the relevant transparency code

The council's income and expenditure exceed £25,000 per annum, and it is therefore recommended best practice to follow the Local Government Transparency Code. A review of the council website shows that the council has established a transparency page which contains details of the information required to be published.

Confirm that the council is compliant with GDPR

As the audit was conducted with the RFO, this area was not covered. Council is reminded that it should established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The council has an Accessibility Statement on its website, but I was unable to locate a Privacy Policy. Council is reminded this is a requirement under Data Protection Regulations.

Confirm that the council meets regularly throughout the year

The council meets regularly during the year. Historic agendas and minutes are available on the council website along with details of upcoming meeting dates.

Check that agendas for meetings are published giving 3 clear days' notice.

I was able to evidence that at least 3 clear days' notice is given on agendas by review of historic agendas on the website. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

Check the draft minutes of the last meeting(s) are on the council's website

Minutes are routinely loaded to the council website.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months.

I noted that the minutes of the May 2021 meeting state *'the Clerk downloaded and personalised the latest NALC model Standing Orders for Hurst Green before emailing them out to all Councillors'*

However, from a review of the council website, the published set of Standing Orders are undated, so unclear when they were last reviewed and adopted. Although they are based on a NALC model, it is an older version and does not reference the substantive changes made in 2018 and the subsequent revisions in 2020.

As a result, they contain reference to outdated legislation. For example, SO 25 references the Power of Well-Being which has been superseded by the Power of General Competence. They are also missing important statutory requirements relating to the Councils responsibilities to provide information and under Data Protection.

I recommend the Standing Orders are reviewed and updated using the current NALC model as a template and ensuring that the statutory requirements (included as bold type in the NALC model) are included. Council is reminded that Standing Orders should be reviewed annually, and I recommend annotating the version on the website with the most recent review date.

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations.

The May 2021 minutes also state *'The RFO, Anita Emery downloaded and personalised the latest NALC model Financial Regulations for Hurst Green and emailed them out to Councillors prior to the meeting'*.

From a review of the website, I was able to confirm these are based on the most recent NALC model, are dated as being adopted in May 2021 and have been amended to ensure the financial references are suitable for a council of this size. The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

The council has thresholds in place at which authorisations to spend must be obtained as below:

FR 4.1 *Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:*

- *the council for all items over £5,000*
- *a duly delegated committee of the council for items over £500 or*
- *the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.*
- *The Clerk and RFO are duly delegated to spend up to £300 without prior authorisation*

Such authority is to be evidence by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.

FR 4.5 *In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which in the clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.*

These authorisation limits appear appropriate for a council of this size.

A review of the RBS nominal coding showed no clear evidence of items being incorrectly coded, and there is no evidence of any 'off-setting' of income against expenditure. The records are neatly maintained, and the RFO is an experienced user of the system.

Overall, I have the impression that the councillors are provided with sufficient information to make informed financial decisions.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.41 per elector.

The council had section 137 expenditure within threshold during 2021/22.

Confirm that checks of the accounts are made by a councillor.

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

Section conclusion

I am of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for" has been met.

C. RISK MANAGEMENT AND INSURANCE (INTERIM AND FINAL AUDIT)

Internal audit requirement

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

Recommended minimum testing:

- Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc
- Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security
- Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation

Audit Findings

The council has a general and financial risk strategy in place. This was approved by council in April 2021 and is due for review again in April 2022.

The document contains details of the identified risks, categorises them as low/medium/high, lists the internal control measures in place and any supporting remarks. This approach is suitable for a council of this size and shows that the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich in a long-term deal until 2024. The policy includes Public Liability cover of £12 million and Employers Liability cover of £10 million and a Fidelity Guarantee level of £500,000. These levels appear appropriate for a council of this size.

We discussed assertion 8 on the AGAR and whether or not this had any impact on the council.

"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 was able to confirm there were no matters excluded from the accounting statements.

Section conclusion

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these" has been met.

D. BUDGET, PRECEPT AND RESERVES (INTERIM AND FINAL AUDIT)**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.

Recommended minimum testing:

- Ensure that the full authority, not a committee, has considered, approved and adopted the annual precept in accordance with the required parent authority timetable
- Ensure that budget reports are prepared and submitted to authority / committees periodically during the year with appropriate commentary on any significant variances
- Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances
- Ensure that the authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process
- Ensure that the precept in the accounts matches the submission form to the relevant authority and the public record of precepted amounts

Audit Findings

I confirmed that the budget setting process for 2022/23 was approved at the council meeting held in January 2022, based on a recommendation from the working group.

The council's year-end position reports income at circa 126% of budget and expenditure is reported as circa 113% of budget (not including the VAT amounts). This suggests that the budget was accurately set and has been carefully monitored throughout the year, and this is evidenced by the minutes of meetings where regular financial reporting is noted.

At year-end, the council held circa £60,500 in clearly annotated earmarked reserves spread across a variety of projects. I tested with the RFO the purposes of the earmarked reserves and am content that they are all for legitimate future planned projects. The council also held circa £25,000 in general reserves at the year-end.

General guidance recommends an appropriate level of general reserve as between 3 -12 months net revenue expenditure, adjusted for local conditions. The amount held by the council sits within this range and is therefore appropriate.

Section conclusion

I am of the opinion that the control objective of "The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate" has been met.

E. INCOME (INTERIM AUDIT)**Internal audit requirement**

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

Recommended minimum testing:

- Review "aged debtor" listings to ensure appropriate follow up action is in place
- Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.
- Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)
- Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised

- Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time
- Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income
- Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked

Audit Findings

Other than the precept, the council has limited sources of income. These include, but are not limited to, Community Infrastructure Levy (CIL) receipts, grants, bank interest and VAT refunds.

A review of the RBS records shows that these are clearly annotated to appropriate nominal codes.

Section conclusion

I am of the opinion that the control objective of “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for” has been met.

F. PETTY CASH (INTERIM AUDIT)

Internal audit requirement

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

Recommended minimum testing:

- A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a “not applicable” response is frequently required in this area.
- Review the systems in place for controlling any petty cash and cash floats (used for bar, catering, etc.)
- Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held
- Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held
- Ensure that VAT is identified wherever incurred and appropriate
- Physically check the petty cash and other cash floats held
- Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till “Z” total readings

Audit Findings

The council has no petty cash.

Section conclusion

I am of the opinion the control objective of “Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for” is not applicable as the council has no petty cash.

G. PAYROLL (INTERIM AND FINAL AUDIT)

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.

Recommended minimum testing:

- Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract
- Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability

- Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and with the contracted hours
- Ensure that appropriate tax codes are being applied to each employee
- Where free or paid for software is used, ensure that it is up to date.
- For the test sample of employees, ensure that tax is calculated appropriately
- Check the correct treatment of pension contributions to either the Local Government pension scheme (non - taxable, deducted from the gross salary or DC schemes like NEST which already allow for tax deductions)
- For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers' allowance is not available to councils but may be used by other authorities
- Ensure that the correct employers' pension percentage contribution is being applied
- Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies

Audit Findings

Payroll is managed in house using the HMRC PAYE tools. The RFO processes payroll on a monthly and pays the HMRC and pension contribution. The RFO was able to confirm that the backdated NJC pay rise has been paid to all eligible staff.

There are no councillor allowances.

The amount entered in box 4 on the AGAR correctly reflects only allowable staff costs.

Section conclusion

I am of the opinion that salaries are correctly stated on the AGAR and that the control object of "Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied" has been met.

H. ASSETS AND INVESTMENTS (INTERIM AND FINAL AUDIT)

Internal audit requirement

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

Recommended minimum testing:

Tangible fixed assets

- Ensure that the authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets
- Physically verifying the existence and condition of high value, high risk assets may be appropriate
- Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement
- Additions and disposals records should allow tracking from the prior year to the current
- Ensure that the asset value to be reported in the AGAR at Section 2, Box 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and /or disposals
- Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the authority

Fixed asset investments

- Ensure that all long-term investments (i.e., those for more than 12-month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at Section 2, Box 9.

Borrowing and lending

- Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired
- Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt

- Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Box 5
- Ensure that the outstanding loan liability as of 31st March each year is correctly recorded in the AGAR at Section 2, Box 10 (value should be verified via the DMO website)
- Where the authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt

Audit Findings

The council has a fixed asset register maintained in an Excel format. The RFO plans to revise and improve the presentation of this, but I was able to confirm the asset total to the information recorded, and that it matches the amount entered onto the AGAR.

I confirmed that the PWLB balances and in year repayments to the PWLB records.

Section conclusion

I am of the opinion that the control objective of "Asset and investments registers were complete and accurate and properly maintained" has been met.

I. BANK AND CASH (INTERIM AND FINAL AUDIT)

Internal audit requirement

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

Recommended minimum testing:

- Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members
- Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, Section 2, Box 8
- Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy

Audit Findings

Bank reconciliations are completed regularly, and there is evidence within the minutes of meetings of these being presented to council for approval.

At the year-end audit date, the council had a reconciled bank position across all its accounts. There was one outstanding payment as of 31 March 2022 and I was able to confirm bank balances on all accounts to the relevant bank statements.

Section conclusion

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of "Periodic and year-end bank account reconciliations were properly carried out" has been met.

J. YEAR END ACCOUNTS (FINAL AUDIT)

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.

Recommended minimum testing:

- Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein
- Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end

Section 1 – Annual Governance Statement

| | Annual Governance Statement | <i>'Yes' means that this authority</i> | 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 is experienced and 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> | NO – the requirements and timescales for 2020/21 year-end were not 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 – evidence of council considering recommendations from audit reports. |
| 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 authority and. Where appropriate, have included them in the accounting statements. | <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. |
| 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 of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i> | YES – the council has met its responsibilities as a trustee. |

Section 2 – Accounting Statements

At the time of the year-end audit, the AGAR figures presented for checking were as below:

| AGAR Box Number | | 2020/21 | 2021/22 | Auditor Notes |
|-----------------|--|-----------------|-----------|---|
| 1 | Balances brought forward | 29,843 | 79,554 | Correctly carried over from box 7 2020/21 |
| 2 | Precept or rates and levies | 46,350 | 43,435 | Confirmed against precept amount received |
| 3 | Total other receipts | 58,386 | 17,115 | Confirmed against accounting records |
| 4 | Staff costs | 11,771 | 13,567 | Confirmed against accounting records |
| 5 | Loan interest/capital repayments | 3,715 | 3,602 | Council has no borrowing |
| 6 | All other payments | 39,539 | 36,774 | Confirmed against accounting records |
| 7 | Balances carried forward | 79,554 | 86,161 | Total correctly equals (1+2+3) – (4+5+6) |
| 8 | Total value of cash and short-term investments | 79,554 | 86,161 | Confirmed against accounting records and account balances |
| 9 | Total fixed assets plus long-term investments and assets | 17,845 | 17,845 | Verified against asset register |
| 10 | Total borrowings | 25,000 | 22,500 | Council has no borrowing |
| 11 | Disclosure note re Trust Funds (including charitable) | YES v | NO | Council has met its responsibilities as a trustee. |

The year-end accounts have been correctly prepared on the income and expenditure basis with no requirement for the box 7 & 8 reconciliation.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the previous year's AGAR.

The Clerk has correctly identified that an explanation of variances will be needed for boxes 3 and 4. In my opinion, this contains enough detail to explain the variances.

Section conclusion

I am of the opinion that the control assertion "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" has been met.

K. LIMITED ASSURANCE REVIEW (FINAL AUDIT)

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")

Recommended minimum testing:

- The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline
- That it has been published, together with all required information on the Authority's website and noticeboard

Section conclusion

I am of the opinion that the control assertion of "If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt" is not applicable due to the council not declaring itself exempt from a limited assurance review in 2020/21.

L: TRANSPARENCY (INTERIM AUDIT)**Internal audit requirement**

If the authority has an annual turnover not exceeding £25,000, it publishes information on a website / webpage up to date at the time of the internal audit in accordance with the Transparency Code for Smaller Authorities

Recommended minimum testing:

- This test applies only to those councils covered by the £25,000 External Audit exemption
- Internal auditors should review the authority's website ensuring that all required documentation is published in accordance with the Transparency Code for Smaller Authorities

Audit Findings

The council has an annual turnover exceeding £25,000, and this test does not apply.

Section conclusion

I am of the opinion that the control assertion of "If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities" is not applicable due to the council turnover exceeding £25,000.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)**Internal audit requirement**

The authority has demonstrated that during summer 2021 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Recommended minimum testing:

- Internal auditors should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the authority's records are available for public inspection.
- Internal auditors may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Final Audit

| Inspection – key dates | 2020/21 Actual | 2021/22 Proposed |
|--|----------------|------------------|
| Date inspection notice issued | 11 June 2021 | 10 June 2022 |
| Inspection period begins | 14 June 2021 | 13 June 2022 |
| Inspection period ends | 23 August 2021 | 22 July 2022 |
| Correct length (30 working days) | Yes | Yes |
| Common period included (first 10 working days of July) | Yes | Yes |

As detailed in the external auditor's report, 'the council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2021/22 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23'.

Section conclusion

I am of the opinion the control objective of "The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)" has **NOT** been met.

N: PUBLICATION REQUIREMENTS (INTERIM AUDIT)**Internal audit requirement**

The authority has complied with the publication requirements for 2020/21. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Recommended minimum testing:

- Internal auditors should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the authority's records are available for public inspection.
- Internal auditors may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Before 1 July 2021 authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited
- Section 1 - Annual Governance Statement 2020/21, approved and signed, page 4
- Section 2 - Accounting Statements 2020/21, approved and signed, page 5

Not later than 30 September 2021 authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit Findings

As detailed in the external auditor's report, 'the council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2021/22 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23'.

Section conclusion

I am of the opinion that the control assertion of "the authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage" has been **NOT** met.

O. TRUSTEESHIP (INTERIM AUDIT)**Internal audit requirement**

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

Recommended minimum testing:

- Confirm that all charities of which the council is a Trustee are up to date with Charity Commission filing requirements
- that the council is the sole trustee on the Charity Commission register
- that the council is acting in accordance with the Trust deed
- that the charity meetings and accounts are recorded separately from those of the council
- review the level and activity of the charity and where a risk-based approach suggests such, review the Independent Examiner's report

Audit Findings

The council are the trustees of the Cricket Field and Recreation Ground (charity number 305263). A review of the charity commission website shows that the council is correctly registered as the trustee. There have been financial transactions during the year, and all reporting is up to date.

Section conclusion

I am of the opinion that the control assertion of "Trust funds (including charitable) – The council met its responsibilities as a trustee" has been met.

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

Yours sincerely



Andy Beams
For Mulberry & Co