



MULBERRY & CO

Chartered Certified Accountants

Registered Auditors

& Chartered Tax Advisors

9 Pound Lane

Godalming

Surrey, GU7 1BX

t + 44(0)1483 423054

e office@mulberryandco.co.uk

w www.mulberryandco.co.uk

Our Ref: MARK/HAR013

Mrs E Fulham
Hartfield Parish Council
Goods Yard House
Edenbridge Road
Hartfield
TN7 4JG

21 April 2022

Dear Emma

Re: Hartfield Parish Council
Internal Audit Year Ended 31 March 2022

Executive summary

Following completion of our interim internal audit on 6 October 2021 and final audit on 21 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 Hartfield 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 11 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.

Table of contents

A	BOOKS OF ACCOUNT (INTERIM AUDIT)	3
B	FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS (INTERIM AND FINAL AUDIT)	3
C	RISK MANAGEMENT AND INSURANCE (INTERIM AND FINAL AUDIT)	5
D	BUDGET, PRECEPT AND RESERVES (INTERIM AND FINAL AUDIT)	6
E	INCOME (INTERIM AND FINAL AUDIT)	7
F	PETTY CASH (INTERIM AUDIT)	8
G	PAYROLL (INTERIM AND FINAL AUDIT)	8
H	ASSETS AND INVESTMENTS (INTERIM AND FINAL AUDIT)	9
I	BANK AND CASH (INTERIM AND FINAL AUDIT)	10
J	YEAR END ACCOUNTS (FINAL AUDIT)	10
K	LIMITED ASSURANCE REVIEW (FINAL AUDIT)	12
L	TRANSPARENCY (INTERIM AUDIT)	13
M	EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS (FINAL AUDIT)	13
N	PUBLICATION REQUIREMENTS (INTERIM AUDIT)	14
O	TRUSTEESHIP (INTERIM AUDIT)	14

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

Interim audit

The council continues to use the Rialtas Business Solutions (RBS) accounting system 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 report on the council's financial position.

The interim audit was conducted remotely, and the Clerk provided the requested information in advance of the scheduled review date. Other information was sourced from the Parish Council website.

Meeting agendas are logically structured and minutes show clear resolutions being made by committee and council. I make no recommendation to change this system.

The council is not VAT registered and completes reclaims via a VAT 126 claim form. The last VAT reclaim was for the period 1 April to 30 June 2021 inclusive and showed a refund position of £2,349.97. The council is up to date with its postings.

Final Audit

The final audit was conducted on site and the Clerk had prepared all the requested information in advance for review.

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

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

The external auditor's report has been published on the council website and was not qualified. This was reported to the council meeting in September and recorded in the minutes. There is evidence within council minutes of the receipt of internal audit reports for review by council.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website details of the Register of Interests for each councillor alongside their contact information.

Confirm that the council is compliant with the relevant transparency code

The council's income and expenditure are between £25,000 and £200,000 per annum, and it is therefore not required by law to follow the Local Government Transparency Code, although it is recommended to do so. A review of the council website shows that the council is publishing some of the information contained within the code.

Confirm that the council is compliant with GDPR

The council is fully aware of GDPR and has undergone training. It was noted the council has 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 a Privacy Statement and Accessibility Statement on the home page of its website. It is clear the council takes its responsibilities seriously and has made every effort to comply with the legislation.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has committees for Finance, Planning, Environment and Transport, Town Croft and Parish Assets, and Strategy. There are regular scheduled meetings during the year, and a diary of future meetings is available on the website.

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

The Clerk was able to demonstrate that at least 3 clear days' notice is given on agendas. 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. It was noted that supporting documentation for agendas is also published on the council website.

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

Draft minutes are uploaded to the council website and clearly marked as draft. These are subsequently replaced with final versions once approved.

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

The standing orders are based on the most recent NALC model and were last reviewed and approved by council at the Annual Council Meeting in May 2021.

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

Financial regulations are based on the latest NALC model and were most recently reviewed and updated by council at the Annual Council Meeting in May 2021. 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:

- 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 the Chairman of Council or Chairman of the appropriate committee, for any items below [£500]

The amounts within square brackets are for each council to determine, and **I recommend removing the brackets at the next review to make it clear that the council has selected these thresholds, rather than just accepted those contained within the model version.**

It was noted that the Clerk also has discretion to spend up to £500 (again included in square brackets as per the point made above) in the event of extreme risk to the delivery of council services. These levels of authorisation appear appropriate for a council of this size. During the interim audit, I found no evidence of these thresholds being breached.

The council performs regular bank reconciliations, and these are reported to council. There is evidence within council minutes of this action taking place along with confirmation of the approval of expenditure and the review of an account summary.

The council agreed the renewal of direct debit payments and a regular payment schedule at the Annual Council Meeting in May 2021, and this is documented in the minutes of the meeting along with approval of the bank mandate arrangements.

From the evidence reviewed at the interim audit, Members appear to be presented with sufficient information to allow them 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 adopted the General Power of Competence (GPC) and the thresholds do not apply.

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.

Final Audit

The Clerk confirmed there have been no significant changes to processes or procedures since the interim audit, and based on the review undertaken at that time I am satisfied that the council has appropriate measures in place and follows them

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

Interim audit

The council has a risk assessment policy and process in place. The assessment identifies the key risks to the council, assesses their likelihood and impact, assigns a risk rating and details actions taken to mitigate the risks. This was most recently completed in July 2021 and reported to council in September 2021. This action is recorded in the minutes. The level of detail is appropriate for a council of this size and indicates that risk management is taken seriously by the council.

I confirmed that the council has a valid insurance policy in place with Ecclesiastical which expires on 30 September 2022. The policy includes Public Liability and Employers Liability cover of £10 million each and a Fidelity Guarantee level of £150,000. These levels appear appropriate for a council of this size.

Final audit

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

Interim audit

The Clerk confirmed that the budget setting process for 2022/23 has commenced with the aim to agree the final budget and precept at the council meeting scheduled in December 2021.

There is evidence within the minutes of council meetings that regular reviews of performance against budget are completed. At the interim audit, the latest budget summary (dated 17 August 2021) showed income at 48.1% and expenditure at 41.6% of budget. This suggests the budget was accurately set and has been carefully managed during the year.

At the start of the year, the council held circa £39,500 in general reserve. Council is reminded that general guidance recommends a level of general reserve be maintained at circa six months equivalent of precept and this will be further reviewed at the year-end audit. The council also holds circa £68,000 in a number of clearly defined earmarked reserves as at the interim audit date.

Final audit

The council's year-end position reports income at 99.9% of budget and expenditure is reported as 85.7% of budget. This demonstrates that the budget was accurately set and has been carefully monitored throughout the year, and this is supported by reference to the council minutes.

At year-end, the council held circa £68,500 in a number of clearly defined earmarked reserves. I noted that one of the earmarked reserves is titled 'contingency'. This effectively is part of the general reserve, and the council should consider amending this accordingly.

The council has a general reserve of £34,018 at the year-end. General guidance recommends an appropriate level of general reserve as circa six months equivalent of precept, adjusted for local conditions. The current level is lower than might be expected but including the contingency earmarked reserve brings the level closer to the guidance level.

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 AND FINAL 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

Interim audit

The council’s primary source of budgeted income is the precept, with other amounts coming from flat rental, maintenance contributions, the playschool, grants and bank interest. The council reviewed its fees and charges at the Annual Council Meeting in May 2021.

Receipts entered in the RBS system are clearly annotated and appear to have been allocated to the correct nominal codes.

Final Audit

From a review of the RBS detailed information, it is clear that sufficient transactional detail continues to be provided for accounting entries and income appears to be assigned 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

Interim audit

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

Interim audit

The council uses HMRC Online PAYE tools to process payroll in house. I reviewed the payslips provided for review at the interim audit and the PAYE, NI and Pension deductions appear correct. The council is up to date with its payments to HMRC.

The Clerk is the only employee and has a signed contract of employment, based on the NALC model. There are no councillor allowances.

Final Audit

I was able to confirm that 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

Interim audit

The council uses the RBS system to produce an asset register which contains details of the assets, the original cost, current value and insurance value. Assets have been correctly stated at original or proxy cost. The assets listed appear consistent with the information contained in the insurance schedule.

Final Audit

The asset register total was checked and found to match that entered on the AGAR for 2021-22. There have been no additions or disposals during the year.

I confirmed the PWLB year-end balance to the PWLB statement and confirmed it as correct and matching the figure entered into box 10 of the AGAR.

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

Interim audit

Bank reconciliations are reviewed and signed off at meetings.

I reviewed the bank reconciliations and associated bank statements provided for the interim audit. I was able to confirm the bank balances but noted that there were items listed as unrepresented dating back a few months and showing as both direct debit and transfer entries. I queried these entries with the Clerk who informed me this is due to the way some entries are processed at the start of the year, and then gradually reconciled as payments are made. The Clerk is considering amending this process going forward to make this process simpler.

Final Audit

At the year-end the council had a reconciled bank position across all its accounts. There were no outstanding entries at the year-end, and I was able to confirm the balances to the original 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

Final Audit

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>	YES – the requirements and timescales for 2020/21 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 – the council takes action on recommendations within internal 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	<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

	required, independent examination or audit.		
--	---	--	--

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	110,078	103,875	Correctly carried over from box 7 2020/21
2	Precept or rates and levies	90,300	92,106	Confirmed against precept amount received
3	Total other receipts	50,391	29,081	Confirmed against accounting records
4	Staff costs	33,320	32,012	Confirmed against accounting records
5	Loan interest/capital repayments	24,096	23,465	Council has no borrowing
6	All other payments	89,478	67,059	Confirmed against accounting records
7	Balances carried forward	103,875	102,526	Total correctly equals (1+2+3) – (4+5+6)
8	Total value of cash and short-term investments	103,875	102,526	Confirmed against accounting records and account balances
9	Total fixed assets plus long-term investments and assets	835,532	835,532	Verified against asset register
10	Total borrowings	212,500	198,333	Council has no borrowing
11	Disclosure note re Trust Funds (including charitable)	YES ✓	NO	Council has met its responsibilities as trustees

The year-end accounts have been correctly prepared on the receipts and payments basis with no need 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 explanation of variances has been completed with sufficient detail to explain the variances in boxes 3 and 6.

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

Interim audit

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	1 May 2021	23 May 2022
Inspection period begins	14 June 2021	13 June 2022
Inspection period ends	23 July 2021	22 July 2022
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 2020/21, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council. I have confirmed that the proposed timescales for 2021/22 are within the requirements of this control objective.

Section conclusion

I am of the opinion that the control assertion “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” has 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.

Interim audit

I was able to confirm that the publication requirements for 2020/21 have been met and the Notice of Public Rights is published on the council website.

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 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

Interim audit

The council has no trusts.

Section conclusion

I am of the opinion that the control assertion of "Trust funds (including charitable) – The council met its responsibilities as a trustee" is not applicable as the council has no trusts.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andy Beams', written in a cursive style.

Andy Beams

For Mulberry & Co

Interim Audit - Points Forward