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13<sup>th</sup> May 2021

Dear Gaynor

**Re: Worplesdon Parish Council**  
**Internal Audit Year Ended 31<sup>st</sup> March 2021**

**Executive Summary**

Following completion of our interim internal audit on the 16<sup>th</sup> October 2020 & our final audit on the 13<sup>th</sup> May 2021 we enclose our report for your kind attention and presentation to the Council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date. **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 indeed are a model of best practice.

I would like to thank Gaynor for her assistance and obvious hard work during the year.

It is my opinion that the AGAR pack will be ready for submission to the external auditor without the need for adjustment.

## 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 & Competence

Your audit was conducted by Mark Mulberry 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 is a qualified practicing accountant with over 20 years’ experience as a registered statutory auditor.

## Engagement Letter

An engagement letter was issued on the 1<sup>st</sup> September 2020 covering the 2020/21 internal audit assignment. Copies of this document are available on request.

## Planning & Inherent Risk Assessment

The scope and plan of works including fee structure was issued to the council on the 1st September 2020 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

The Council continues to use Scribe as a day to day accounting package, this is a tried and tested industry specific package and I make no recommendation to change.

There is one user with their own individual logon & password. The password is noted down securely in the event of clerk incapacity.

Every month, a month end hard close down is performed by the clerk, various reports are printed and filed in hard copy, these include but are not limited to; Income and expenditure against budget, cashbooks, bank reconciliations and other reports as fit. This is a clear and easy to follow system and a review of the cashbook shows that all data fields are being entered.

My audit testing in the past has showed that supporting documentation could be easily located from records.

The Council is not VAT registered, the last S.126 reclaim was for the 6-month period to 31/03/20, which showed a refund position of £16,859.10. This was submitted to HMRC in May 2020 and the refund received on the 18/06/20. This also indicates that the council is up to date with its postings on the financial package.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

#### **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 & PAYMENTS (INTERIM & 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 SOs and FRs which should be based on the latest version.
- Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (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 & minuting of the prior year audited AGAR and notice of conclusion of audit.*

The external auditors unqualified report & notice of conclusion have been received and properly posted to the council website.

Evidence was noted in the minutes of the internal auditor's report being reviewed and accepted. Minute number 147-2020(h)

*Confirm by sample testing that councillors sign statutory office forms*

I confirmed that Councillors sign "Acceptance of Office" forms and register of members interests, in line with regulations.

*Confirm that the Council is compliant with the relevant transparency code.*

I note that the Council is required by law to follow the 2015 Transparency Code and a review of the web site has shown that the council is routinely following this. **However, the grants data section may be out of date and in need of updating.**

*Confirm that the Council is compliant with the GDPR.*

The council is aware of GDPR and has a clearly accessible privacy policy on its website. The Council has common .gov email addresses which is recommended and to be applauded. A common email system such as [cllr.name@parishcouncil](mailto:cllr.name@parishcouncil)..... is recommended because it gives a natural segregation so it is clear beyond doubt in what capacity a councillor is acting, gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

*Confirm that the Council meets regularly throughout the year*

The council has the following committees:

- Full Council;
- Planning & General Purposes
- Staffing

There are also a number of working parties and groups which meets as and when necessary to cover specific tasks each committee has spending powers.

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

At least 3 clear days' notice is given on both web site and hard copy agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance.

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

Minutes are uploaded to the council website and these agree to signed hard copies.

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

The standing orders are based on the NALC model. These were reviewed and readopted in March 2020. Minute ref 123-2020.

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

Financial regulations are based on the NALC model. These were reviewed and readopted in March 2020. Minute ref 123-2020. The regulations being based on the NALC model 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.*

Financial regulation 2.3 deals with bank reconciliations, the council is performing a monthly bank reconciliation for all accounts and this is signed & minuted in accordance with regulations.

Financial regulation 4 deals with budgetary control and authority to spend. All committees have the power to spend up to £5,000 within a budget heading and the clerk has emergency powers up to £5,000.

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations.

Financial regulation 6 deals with making payments. The council makes payments by cheque, direct debit, debit card and bacs. The system in place is routinely followed and a review of the payments file showed all summaries are signed and invoices verified.

The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below. These are not incorrect but maybe restrictive for a council of this size.

- £25,000 + Tender Process
- £3,000 - £25,000 3 quotations are required.
- £500 - £3,000 – strive to get 3 estimates
- 0 - £500 – power to spend

I have reviewed the minutes on the website for the period March 2020 to September 2020 and have noted comprehensive reporting of payments, bank reconciliations, budgets, virements and tendering. I am under no doubt the council is following proper practices in this regard and that all payments are properly authorised and reported to council.

Date	Description	Supplier	Total		
01/05/20	Stationery	Caboodle	£108.34	Agreed to invoice, invoice authorised	Agreed to payment, payment authorised
12/05/20	Desktop screen protector	Coveya	£139.20	Agreed to invoice, invoice authorised	Agreed to payment, payment authorised
04/06/20	3,600 newsletters	Knaphill	£690.00	Agreed to invoice, invoice authorised	Agreed to payment, payment authorised
15/06/20	Edna Survey	Surrey Wildlife Trust	£1,800	Agreed to invoice, invoice authorised	Agreed to payment, payment authorised Order authorised 65-2020 Full Council 20 February 2020
30/07/20	Phone calls	BT	£995.31	Agreed to invoice, invoice authorised	Agreed to payment, payment authorised
13/07	Grass cutting	Holly Landscapes	£3,049.51	Agreed to invoice, invoice authorised	Agreed to payment, payment authorised Order authorised 17 March 2020 minute number 122-2020

*Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £8.12 per elector.*

The council has no S.137 expenditure because it has the power of general competence.

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

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

#### **Final Audit**

I have reviewed the expenditure list which is broadly similar to the prior year after accounting for one of expenditure items. I also reviewed the nominal ledger for evidence of netting off and significant journal entries, the individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

#### **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 & INSURANCE (INTERIM 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 well-developed risk management scheme in place. The Council backs up IT data to a remote location, with the assistance of an ICT provider.

The Council has a risk strategy in place and monitors and reviews risk on an ongoing basis in accordance with best practice regulations. The council is aware of and has policies in place to mitigate financial risk. The last risk review was carried out in March 2020.

In addition to this the website shows the preparation and of a covid 19 risk assessment [dated 27/03/20 & updated 17/06]. There are some medium risks and high risks.

The Council is insured with Zurich on a standard local authority deal. I confirmed the policy was in date at the time of my audit. Money and asset cover appear adequate, with a fidelity guarantee set at £500,000

### **Final Audit**

No further testing required.

#### **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 & RESERVES (INTERIM & 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 Council is currently in the process of developing budgets for the 2021-22 financial year.

I confirmed that Councillors receive regular budget monitoring reports at Full Council and that review of these reports is evidenced by minute of the relevant meeting. I checked the minutes of the April to September meeting of Full Council, and confirmed the budget report was taken to the meeting and properly noted in minutes.

At month 5 total reportable income was £128,218 against a budget of £260,288. Total expenditure was £88,692 against a budget of £298,288. I am of the opinion that income and expenditure is properly reported.

### **Final Audit**

The council has £228,609 of reserves of which £145,094 are earmarked reserves and £83,515 are general reserves. In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £121k. I was pleased to see the detailed working and council verification of the reserves working. However, I am of the opinion that general reserves are still low for a council of this size but do note the improving position over last year.

Full council approved the 2021/22 precept and budget requirement in its December 2020 meeting minute ref [374-2020]

Full council approved the 2019/20 precept and budget requirement in its 9<sup>th</sup> January 2020 meeting minute ref [18-2020]

### **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 & 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 precept was received in April 2020 together with grant. The grant has been separately categorised.

The council last reviewed its annual charges in March 2020. Minute ref 123-2020. The only receipts have been precepts, grants & interest.

There is no evidence that the council should be registered for VAT.

### **Final Audit**

The precept income was tested to third party evidence provided to the internal auditor – there were no errors.

I have reviewed the income list which is broadly similar to the prior year after accounting for one off income items. I also reviewed the nominal ledger for evidence of netting off and significant journal entries, the individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

There is no evidence of any aged debtors, the largest debtor is VAT (£9,592.64) which has been proved to the underlying workings and S.126 VAT reclaim form.

The movement year on year has been properly described on the list of significant variances.

### **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.*

No Petty cash – confirmed with the clerk.

## G. PAYROLL (INTERIM & 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 also 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 an external firm who use an industry approved package. On a monthly basis, the council provides overtime details to the external firm, and then upon receipt of the external company's report, confirms its accuracy.

The council has fulfilled its obligations in respect of auto-enrolment and uses LGPS.

Monthly and year-end PAYE and NI deductions and returns have been submitted online, on time to HMRC. There were no errors recorded or late payments to HMRC during the financial year under review. The PAYE and NI liability are paid on time.

I tested the tax deduction for an employee – there were no errors.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken.

### **Final Audit**

The amounts shown on the AGAR, were reconcilable to the payroll records, there were no errors.

Monthly and year-end PAYE and NI deductions and returns have been submitted online, on time to HMRC. There were no errors recorded or late payments to HMRC during the financial year under review.

**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 & 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 at 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 fixed asset register is maintained on excel, additions and disposals have been agreed to a schedule prepared by the Clerk and have been correctly added at cost, or written off the asset register as obsolete.

### **Final Audit**

The fixed asset register has been maintained in an Excel spreadsheet and agreed to the AGAR. The asset register was up to date with all relevant assets as at the current financial year end and showed a reconciliation to the prior year closing balance. A nice touch was the addition of photos of all assets (although it makes the file size quite large!)

I am under no doubt the council properly monitors its fixed assets

### **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 & CASH (INTERIM & 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**

The minutes show that regular bank reconciliations are reported to council and signed in accordance with regulations.

#### **Final Audit**

At the year-end date the council had a reconciled bank position which has been signed in accordance with financial regulations.

The council has four bank accounts. None of the accounts are long term non cash investments and as such do not need to be disclosed in box 9 of the AGAR.

The council has an investment strategy which was last reviewed in March 2022

#### **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

The council, at its meeting to sign off the year-end accounts, must discuss the Annual Governance Statement and record this activity in the minutes of the meeting. Based on the internal audit finding, I recommend using the table below as the basis for that discussion. THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.

### Section 1 – Annual Governance Statement

	Annual Governance Statement	'Yes' means that this authority	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	<b>YES</b> – income & expenditure 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>	<b>YES</b> – 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>	<b>YES</b> – 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>	<b>YES</b> – the requirements and timescales for 2019/20 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>	<b>YES</b> – 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>	<b>YES</b> – the council has appointed an independent and competent internal auditor has completed two audits during the year.
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>	<b>YES</b> – where matters are raised, action taken by council is recorded in the minutes.
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>	<b>YES</b> – 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>	<b>N/A</b> – the council has no trusts.

## Section 2 – Accounting Statements

Agar Box Number		2019/20	2020/21	Auditor Notes
1	Balances brought forward	185,198	164,467	Agrees to 2020 cfwd
2	Precept or Rates and Levies	226,915	242,727	Agrees to third party evidence provided to auditor
3	Total other receipts	27,898	71,169	Agrees to underlying records
4	Staff costs	107,883	100,209	Agrees to underlying records
5	Loan interest/capital repayments	0	0	Agreed no loans
6	All other Payments	167,661	126,702	Agrees to underlying records
7	Balances carried forward	164,467	251,452	Cast correctly
8	Total value of cash and short term investments	141,950	228,609	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	663,639	627,808	Agrees to register
10	Total borrowings	0	0	Agreed no loans
11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES	NO ✓	No trusts

The year-end accounts have been correctly prepared on the income & expenditure basis with the box 7 & 8 reconciliation properly completed.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2019-20 AGAR.

The variance analysis was required because there were variances greater than 15% and £200. This was properly prepared on a summary table basis showing the financial elements and explanatory narrative.

The council had made provision within its schedule of meetings to sign off the annual governance statement.

### Section Conclusion

I am of the opinion the control objective of "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 (INTERIM & 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")*

Not applicable

**L: TRANSPARENCY (INTERIM & FINAL 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.*

Not applicable

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

*The authority, during the previous year (2019-20) 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).*

**Recommended Minimum Testing**

- IAs 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.
- IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Due to the Covid 19 outbreak during the 2020/21, the statutory deadlines had been changed for the 2019/20 AGAR as follows:

The publication date for final, audited, accounts was moved from the 30 September to 30 November 2020 for all local authority bodies. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of July was removed. Instead, local authorities must have commenced the public inspection period on or before the first working day of September 2020.

This meant that draft accounts must be have been approved by 31 August 2020 at the latest.

Authorities must publish the dates of their public inspection period, and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations (SI 2020/404 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020) implementing these measures were laid on 7 April 2020 and came into force on 30 April 2020.

I confirmed with the RFO that arrangements are in place at this Council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require that the statement of accounts prepared by the authority (i.e. the Annual Governance & Accountability Return (AGAR) Part 2), the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.

<b>Inspection - Key date</b>	<b>2019/20</b>	<b>2020-21</b>
<b>Accounts approved at full council</b>	25 June	20 May
<b>Date Inspection Notice Issued and how published</b>	26 June	10 June
<b>Inspection period begins</b>	29 June	14 June
<b>Inspection period ends</b>	7 August	23 July
<b>Correct length</b>	yes	yes
<b>Common period included?</b>	N/A	yes
<b>Summary of rights document on website?</b>	<b>Attached to inspection announcement</b>	<b>Attached to inspection announcement</b>

#### **Section Conclusion**

I am of the opinion that the control assertion of *“The authority, during the previous year (2019-20) 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 been met.

## N. PUBLICATION REQUIREMENTS (INTERIM & FINAL AUDIT)

### **Internal audit requirement**

*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:*

#### **Recommended Minimum Testing**

- IAs 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.
- IAs 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.*

I have reviewed the web site and information provided by the clerk and I am under no doubt that the council properly publishes the required statutory information within timescales.

#### **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)

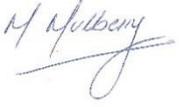
### **Internal audit requirement**

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

Not applicable - No trusts.

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

Kind regards  
Yours sincerely

A handwritten signature in black ink, appearing to read 'M Mulberry', with a long horizontal flourish extending from the end of the signature.

**Mark Mulberry**