



## MULBERRY & CO

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Our Ref: MARK/RIN001

Mrs A Hazzard  
Ringmer Parish Council  
Old School Close  
Ringmer  
East Sussex  
BN8 5RA

8 June 2022

Dear Annie

**Re: Ringmer Parish Council**  
**Internal Audit Year Ended 31 March 2022**

### **Executive summary**

Following completion of our internal audit on 8 June 2022 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**.

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 Ringmer 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****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 council uses Scribe for recording financial information. The Clerk is new to role, and we discussed whether Scribe or an alternate accounting system would be beneficial for the council. I have recommended the Rialtas Business Solutions (RBS) software package as it is a bespoke industry specific package.

The council has benefitted from an experience officer supporting the financial processes during the year, and the information for audit was well presented and I was able to confirm all the figures to source information. It is my opinion that the new Clerk is taking over a system which has been well managed prior to handover.

The audit was conducted on site with the Clerk and RFO, and the requested information for review was available at the time of the audit. Other testing was completed through discussion with the Clerk and RFO and a review of information published on the council website.

**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****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 not qualified in 2020/21 and has been published on the council website along with the Notice of Conclusion of Audit.

Under other matters not affecting the External Auditor's opinion, the following issues were highlighted 'We note that the smaller authority 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 notice regarding the period for the exercise of public rights was not published before the start of the period. 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.

The authority has received £3,760 in respect of an insurance claim against expenditure during the year and has accounted for it as a receipt in Section 2, Box 3 rather than netting it against the relevant expense. Whilst the Practitioners' Guide is silent on the matter, it is our view that the true cost to the authority should be shown on a net basis. Accounting on a gross basis inflates the gross income and gross expenditure of the authority and can push the authority into a higher fee band than it would otherwise be in.

The internal auditor's response to internal control objective O is not consistent with information provided by the smaller authority. The smaller authority should ensure action is taken to establish the correct position.'

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

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The Parish Council website contains information on the councillors and includes details of their Declarations of Interest.

*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.

I was able to find a Privacy Policy on the council website. It is clear the council has made every effort to comply with the relevant legislative requirements.

*Confirm that the council meets regularly throughout the year.*

The council meets regularly during the year and a diary of future meetings is published on the council website, along with historic agendas and minutes.

*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.

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

Minutes are routinely uploaded to the council website.

*Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months. – most recent version???*

Standing Orders are based on the latest NALC model version. They were adopted by council at the Annual Meeting in May 2021 and have been re-adopted by the council in May 2022 (minute ref 11.1),

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

Financial Regulations are based on the latest NALC model version. They were adopted by council at the Annual Meeting in May 2021 and have been re-adopted by the council in May 2022 (minute ref 11.1), The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council. I noted that the Regulations still include data within square brackets, and I recommend the new Clerk reviews these to ensure the completed figures and references to authority levels are appropriate for the size of 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:

- Ringmer Parish Council for all items over [£5,000];
- a duly delegated committee of Ringmer Parish Council for items over [£500]; or
- the Clerk, in conjunction with Chairman of Ringmer Parish Council or Chairman of the appropriate committee, for any items below [£500].

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

Contracts may not be disaggregated to avoid controls imposed by these regulations.

**FR 4.5** In cases of extreme risk to the delivery of Ringmer Parish Council services, the clerk may authorise revenue expenditure on behalf of Ringmer Parish 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 Ringmer Parish Council as soon as practicable thereafter.

I reviewed a sample of council minutes and the invoice files and found no evidence to suggest that the thresholds were not being adhered to. Invoices are filed logically, and the accounting records are kept in good order.

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

The council has section 137 expenditure within thresholds.

**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****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 risk assessment in place which considers financial and other risks.

The financial risk assessment is detailed and focuses on a range of potential risks, outlining the measures in place and assessing the severity of the identified risk. This is suitable for a council of this size and demonstrates that the council takes its risk management responsibilities seriously.

The council changed insurance provider during the year from Ecclesiastical to Hiscox. The Hiscox policy includes Public Liability and Employers Liability cover of £10 million each and a Fidelity Guarantee level of £250,000. **Based on the year-end balances held, which exceed £500,000, the council needs to increase the Fidelity Guarantee level to a more appropriate limit.**

We discussed assertion 8 of 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.”*

It was confirmed that there are two potential litigation cases pending, although neither is likely to have a significant financial impact on the council regardless of the outcome.

**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****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 2022-23 budget and precept were approved by council at the meeting held on 11 January 2022 (minute ref 19.3).

There are regular financial reports presented to council meetings and councillors appear to be provided with sufficient information to make informed financial decisions.

At the year-end, the council held £61,775 in earmarked reserves, which are split across a range of planned future projects. There is also a further £403,708 of CIL funds held in a separate reserve. This leaves £91,395 in the general reserve at the year-end.

Guidance for holding funds on a general reserve suggest an appropriate level to between three- and twelve-months' equivalent of precept. The current level is within this range.

**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****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**

The council has received income during the year from the precept, Community Infrastructure Levy (CIL) receipts, dividends and bank interest, allotment income and other income sources. Amounts appear to have been allocated to the most appropriate description within the accounting system.

I verified the precept amount received during 2021/22 is consistent with the figure held on the central precept register.

**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****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 maintains a small petty cash float for incidental expenditure. At the year-end, the balance was recorded as £19.57. The amount is inconsequential compared to the overall financial records of the council.

**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" has been met.

**G. PAYROLL****Internal audit requirement**

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

**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 completed in house using the HMRC PAYE Online tools. I tested a sample of the payroll records and was able to confirm that deduction amounts appear to be correct, and that the council is up to date with its HMRC payments.

The figures presented for audit included £120 within box 4 for a locum staff member. This is not a staff cost and should be included in box 6 of the AGAR rather than box 4, although as the amount is incidental to the council's financial position, I am content to allow it to remain where it is rather than change the AGAR figures.

The Clerk is aware that non-payroll staff should be included as expenditure in box 6 for future years.

**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****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 in place. This lists assets by location and details the 2021 and 2022 values. I was able to trace the acquisitions and disposals during the year and confirm the total on the register matches that entered onto box 9 on the AGAR.

I confirmed the council has no borrowing.

**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****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**

At the year end, the council had a reconciled position across all its accounts. I was able to confirm the balances to the bank statements dated 31 March 2022.

The council holds in excess of £450,000 with Barclays and would benefit from the protection available under the Financial Services Compensation Scheme (FSCS) protection limit. **I encourage the council to consider opening an additional account(s) with an alternate provider(s) to maximise the protection available.**

**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****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. **COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.**

**Section 1 – Annual Governance Statement**

	<b>Annual Governance Statement</b>	<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>	<b>YES</b> – 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 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>NO</b> – 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>	<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.
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> – matters raised in internal and external audit reports have been addressed.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this 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>YES</b> – the council has met its responsibilities as a trustee

### Section 2 – Accounting Statements

AGAR box number	2020/21	2021/22	Auditor notes	
1	Balances brought forward	315,196	500,017	Agrees to 2020/21 carry forward (box 7)
2	Precept or rates and levies	128,638	130,924	Figure confirmed to central records
3	Total other receipts	237,802	200,391	Agrees to underlying records
4	Staff costs	77,093	50,948	Agrees to underlying records
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	104,527	223,508	Agrees to underlying records
7	Balances carried forward	500,017	556,877	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	500,017	556,877	Agrees to bank reconciliation
9	Total fixed assets plus long-term investments and assets	374,787	352,092	Matches asset register
10	Total borrowings	0	0	Council has no borrowing

**Audit findings**

The year-end accounts have been prepared on a receipts and payments basis with no requirement for the box 7 and 8 reconciliation. As the council's income and/or expenditure has now exceeded £200,000 for two consecutive years, the council has changed to income and expenditure accounting for 2022/23. Council is reminded that for next year's AGAR, the previous year's figures will need to be restated as income and expenditure for comparative purposes.

I noted that the AGAR does not add up by £1 due to rounding's in the accounting system (it was also wrong by £1 last year, although the External Auditor did not comment on this). I recommend altering the box 6 figure to £223,507 to make the AGAR add up correctly.

The variance analysis has been completed to explain the variances exceeding 15% in boxes 4 and 6, and in my opinion, contains sufficient narrative and quantitative information for the External Auditor.

**Section conclusion**

I am of the opinion that 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****Internal audit requirement**

*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. (If the authority had a limited assurance review of its 2020/21 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

**Audit findings**

The council did not certify itself exempt in 2020/21 due to exceeding the income and expenditure limits and this test does not apply.

**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 as the authority had a limited assurance review of its 2020/21 AGAR.

**L: TRANSPARENCY (INTERIM AND 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*

**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 as the council’s turnover exceeds £25,000.

**M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS****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

**Audit findings**

Inspection - Key date	2020/21 Actual	2021/22 Proposed
Date Inspection Notice Issued	14 June 2021	22 June 2022
Inspection period begins	14 June 2021	23 June 2022
Inspection period ends	23 July 2021	3 August 2022
Correct length	Yes	Yes
Common period included?	Yes	Yes

As highlighted in the External Auditor’s report *‘We note that the smaller authority 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 notice regarding the period for the exercise of public rights was not published before the start of the period. 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.’*

The notice on the council website suggests that the dates are within the statutory provisions, however these also include an error as there must be a minimum one-day gap between the date of announcement and the commencement date, and the council has failed to meet these criteria.

**The requirements of this control objective were not met for 2020-21, and assertion 4 on the annual governance statement must be signed off by the council as ‘no’.**

I confirmed that the proposed dates for 2021/22 are correct. The council plans to sign the AGAR at the meeting to be held on 21 June 2022.

**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****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 highlighted in the External Auditor's report 'We note that the smaller authority 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 notice regarding the period for the exercise of public rights was not published before the start of the period. 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.'

The notice on the council website suggests that the dates are within the statutory provisions, however these also include an error as there must be a minimum one-day gap between the date of announcement and the commencement date, and the council has failed to meet these criteria.

**The requirements of this control objective were not met for 2020-21, and assertion 4 on the annual governance statement must be signed off by the council as 'no'.**

**Section conclusion**

I am of the opinion that the control assertion of "the authority has complied with the publication requirements for 2020/21 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage" has **NOT** been met.

**O. TRUSTEESHIP****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 is the trustee of the Charity of Alfred George Edward Godden (charity number 206111). A review of the Charity Commission website shows that there are no financial transactions, all reporting is up to date and the council is correctly listed as the trustee.

**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**