



## MULBERRY & CO

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Our Ref: MARK/LIM001

Mrs S Martin  
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26 April 2022

Dear Sophie

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

### **Executive summary**

Following completion of our final audit on 26 April 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 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 Limpsfield Parish Council are well established and followed.

### **Regulation**

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all members to support and inform them when they considering the authority's approval of the annual governance statement.

### Independence and competence

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

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

### Engagement Letter

An engagement letter was issued to the council covering the 2021/22 internal audit assignment. Copies of this document are available on request.

### Planning and inherent risk assessment

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

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

It is my opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

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

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

**Recommended minimum testing:**

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

**Audit Findings**

The audit was conducted remotely, with the Clerk forwarding requested information in advance of a telephone conversation on the scheduled date.

The council continues to use Excel as a day-to-day accounting package and the Clerk has developed a suite of spreadsheets that accurately record transactional information and produce financial reports for the council to consider. For a council with a limited number of transactions, Excel remains a suitable system although council will be aware various accounting packages are available.

The information requested for the remote audit was provided in full, and my audit testing showed that these documents were well organised, clear and easy to follow. There is regular reporting provided to council to enable informed decision to be made about finances.

I am pleased to note that recommendations from previous internal audit reports have been considered and appropriate action taken to address any issues.

I tested the opening balances as of 1 April and was able to match these to the previous year's closing figures.

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

**Section conclusion**

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

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

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

**Recommended minimum testing:**

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

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

## Audit Findings

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

The external auditor's report was not qualified for 2020/21 and has been published on the council website along with the Notice of Conclusion of Audit form.

The External Auditor raised one issue – *'The authority has received £1,767 in respect of an insurance claim against expenditure during the prior 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.'*

As stated in the external auditor's response, this is a grey area and while my opinion is that the council did nothing wrong, in future it is advised to follow the external auditor's view on this matter.

There is evidence within council minutes of the reporting of both internal and external auditor reports.

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

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. Councillor information is available on the website, and details of Members Register of Interest is at the bottom of the councillor page.

### *Confirm that the council is compliant with the relevant transparency code*

The council's income and expenditure exceeds £25,000 per annum, and it is therefore recommended best practice to follow the Local Government Transparency Code. A review of the council website shows that the council publishes some of the required information. For a best practice example of how to publish the information, see this to [link](#) to Upper Beeding Parish Council's website.

### *Confirm that the council is compliant with GDPR*

The council is fully aware of GDPR and has undergone training. I noted that the minutes of the December 2021 meeting include reference to establishing common email addresses for all councillors. I understand from the Clerk that not all councillors have done this yet.

**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 its website.

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

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

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

I was able to evidence that at least 3 clear days' notice is given on agendas through discussion with the Clerk. I noted that there is no publication date on the agendas, and **I recommend including one in future to evidence the statutory requirements have been met.**

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

Minutes are routinely loaded to the council website.

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

The Standing Orders are based on the NALC model version, but not the most recent one. There were significant changes in 2018, with a further updated in 2020, and these have not been incorporated into the version used by the council. Consequently, the council's version includes outdated legislation and is missing important statutory updates regarding the council's responsibilities to provide information (current model SO 20) and under Data Protection (SO 21).

I note they were reviewed and adopted in September 2021, but I recommend the Standing Orders are reviewed against the current model version to ensure the council is meeting all its statutory and regulatory requirements.

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

The Financial Regulations are based on the current NALC model version and were last reviewed and approved again at the council meeting in September 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, including those 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, provided that the expenditure included in the budget has been scrutinised and approved pursuant to these Regulations. This authority is to be provided by:*

- *the Council for all items over £250*
- *the Clerk, in conjunction with the Chairman of Council, or Chairman of the Finance Committee, for any items below £250.*

**FR 4.2** *No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ("virement").*

**FR 4.2.** *Expenses and budgets may be approved with a majority vote via email and /or at online/virtual meetings as long as the vote is minuted and /or emailed votes are kept as evidence.*

**FR 4.3.** *No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').*

**FR 4.5.** *In cases of extreme risk to the delivery of Council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the Chairman as soon as possible and to the Council as soon as practicable thereafter. If emergency expenditure is to exceed £500, four Councillors must agree to the expenditure; made up of the Chairman, chair of relevant Committee and two others, in conjunction with the Clerk.*

A review of the information provided for the internal audit showed no indication of these thresholds being breached, and in my opinion, the monetary limits appear appropriate for a council of this size.

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

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

The council has 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 (INTERIM AND FINAL AUDIT)****Internal audit requirement**

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

**Recommended minimum testing:**

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

**Audit Findings**

I confirmed that the council has a valid insurance policy in place with Hiscox with continuing cover from June 2020. The policy includes Public Liability and Employers Liability cover of £10 million each and an Employee Dishonesty (Fidelity Guarantee) level of £150,000. These levels appear appropriate for a council of this size.

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

*“We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.”*

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

**Section conclusion**

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

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

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

**Recommended minimum testing:**

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

**Audit Findings**

I confirmed that the budget and precept for 2022/23 were approved at the council meeting held in December 2020. Supporting information regarding the budget proposal is appended to the minutes and published on the council website.

There is regular reporting of the council's financial position at council meetings, and receipts and payments are reviewed, and the information published as an appendix to the relevant council minutes.

At the year-end, the council held a total of £47,287 in earmarked reserves, and through discussion with the Clerk, I am satisfied these are all held for legitimate purposes. The council also held £18,405 in the general reserve, with a stated aim of trying to keep the level at around 50% of precept. This corresponds with the general guidance as to an appropriate level for councils to hold in general reserve.

**Section conclusion**

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

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

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

**Recommended minimum testing:**

- Review "aged debtor" listings to ensure appropriate follow up action is in place
- Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.
- Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)
- Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised
- Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time
- Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income
- Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked

**Audit Findings**

Other than the precept, the council has limited sources of income.

A review of the accounting records shows that receipts are correctly allocated to the appropriate income codes.

**Section conclusion**

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

**F. PETTY CASH (INTERIM AUDIT)****Internal audit requirement**

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

**Recommended minimum testing:**

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

**Audit Findings**

The council has no petty cash.

**Section conclusion**

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

**G. PAYROLL (INTERIM AND FINAL AUDIT)****Internal audit requirement**

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

**Recommended minimum testing:**

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

**Audit Findings**

Payroll is managed in house using the HMRC online PAYE tools. The amount initialled include in box 4 on the AGAR include the working from home allowance and a training course. While these are legitimate expenditure items, they are not classed as ‘staff costs’ and therefore should be included in box 6 rather than box 4 on the AGAR.



The amended figures are detailed in section J of this report and should be transposed to the AGAR.

The Clerk is the only employee, and the NJC backdated pay rise amount has been paid before the year-end.

There are no councillor allowances.

#### Section conclusion

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

## H. ASSETS AND INVESTMENTS (INTERIM AND FINAL AUDIT)

### Internal audit requirement

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

#### Recommended minimum testing:

##### Tangible fixed assets

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

##### Fixed asset investments

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

##### Borrowing and lending

- Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired
- Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt
- Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Box 5
- Ensure that the outstanding loan liability as of 31st March each year is correctly recorded in the AGAR at Section 2, Box 10 (value should be verified via the DMO website)
- Where the authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt

### Audit Findings

The council has a simple fixed asset register maintained in an Excel format. The register breaks down the category of asset, what it is, where it is located and its purchase or proxy value.

I note that the 2022-23 register has been updated to include additional information, as recommended in last year's internal audit. The revised format is more comprehensive and now represents a good level of detail for a council with this number of assets.

The register shows six additions during the year, and the value if those additions equates to the difference in asset register total from the previous year.

I noted that the asset register total differs by £1 from the amount entered on the AGAR and **I recommend the AGAR is adjusted to match the asset register.**

I confirmed that the council has no PWLB 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 (INTERIM AND FINAL AUDIT)**

**Internal audit requirement**

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

**Recommended minimum testing:**

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

**Audit Findings**

Bank reconciliations are completed regularly and to council meetings. There is evidence of this in the minutes of meetings.

At the year-end audit date, the council had a reconciled bank position across all its accounts. The balances held are within the protection limit offered by the Financial Services Compensation Scheme (FSCS).

**Section conclusion**

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

**J. YEAR END ACCOUNTS (FINAL AUDIT)**

**Internal audit requirement**

*Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.*

**Recommended minimum testing:**

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

**Section 1 – Annual Governance Statement**

	<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	<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

	year, and for the preparation of the accounting statements.		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 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>	<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> – evidence of council considering recommendations from audit reports.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	<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

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	47,595	77,627	Correctly carried over from box 7 2020/21
2	Precept or rates and levies	33,315	33,315	Confirmed against precept amount received
3	Total other receipts	26,192	10,599	Confirmed against accounting records
4	Staff costs	10,357	12,730 12,472	Confirmed against accounting records Correction relating to non-staff costs
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	19,118	43,118 43,376	Confirmed against accounting records Correction relating to non-staff costs
7	Balances carried forward	77,627	65,693	Total correctly equals (1+2+3) – (4+5+6)
8	Total value of cash and short-term investments	77,627	65,693	Confirmed against accounting records and account balances
9	Total fixed assets plus long-term investments and assets	104,561	106,469	Verified against asset register
10	Total borrowings	0	0	Council has no borrowing
11	Disclosure note re Trust Funds (including charitable)	YES	NO	n/a – the council has no trusts

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

With the amendments marked in red (adjustments for items incorrectly included in box 4 – see section G of report), the AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the previous year's AGAR.

The Clerk has completed the explanation of variances with sufficient detail to explain the variance required – reminder to adjust the figures on the variance analysis to match the AGAR alterations.

### 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 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 declare itself exempt from a limited assurance review in 2020/21 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 due to the council not declaring itself exempt from a limited assurance review in 2020/21.

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

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

**Recommended minimum testing:**

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

**Audit Findings**

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

**Section conclusion**

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

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

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

**Recommended minimum testing:**

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

**Final Audit**

Inspection – key dates	2020/21 Actual	2021/22 Proposed
Date inspection notice issued	20 June 2021	14 June 2022
Inspection period begins	21 June 2021	15 June 2022
Inspection period ends	30 July 2021	29 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 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 been met.

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

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

**Recommended minimum testing:**

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

Before 1 July 2021 authorities must publish:

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

Not later than 30 September 2021 authorities must publish:

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

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

**Audit Findings**

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

**Audit Findings**

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 cursive script, appearing to read 'Andy Beams'.

**Andy Beams**

**For Mulberry & Co**