



## MULBERRY & CO

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Our Ref: MARK/CHA004

Mr T Haylett  
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8 June 2022

Dear Trevor

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

### **Executive summary**

Following completion of our interim internal audit on 14 January 2021 and final 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 Charlwood 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.

### Table of contents

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

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

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

**Recommended minimum testing:**

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

**Interim audit**

The council continues to use Excel for recording the day-to-day financial transactions of the council. The system is used regularly to report on and record the financial transactions of the council and is suitable for a council of this size.

The interim audit was conducted remotely, and the Clerk had prepared and forwarded the requested information for review in advance of our scheduled telephone conversation. Other information was reviewed on the council website and through discussion with the Clerk.

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

The council is not VAT registered and completes reclaims via a VAT 126 claim form. The VAT reclaim submitted for review at the interim audit was for the period 1 April to 31 December 2020 inclusive and showed a refund position of £3,478.35.

**Section conclusion**

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

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

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

**Recommended minimum testing:**

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

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

The external auditor's report for 2020/21 was not qualified and has been published on the council website along with the Notice of Conclusion of Audit form, and the conclusion of the external audit was reported to council at the meeting held on 10 September 2021 (minute ref 10.3).

There is evidence within council minutes of the reporting and review of internal auditor's reports, most recently at the meeting held on 11 June 2021 (minute ref 11.3).

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

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. **I noted that the example sent for review did not contain the signature of the Proper Officer, and council is reminded that both the councillor and Proper Officer must sign these declarations.** The council website includes a page showing the Register of Members' Interests for each councillor.

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

The council's income and expenditure are between £25,000 and £200,000 per annum, and it is therefore not required by law to follow the Local Government Transparency Code, although it is recommended to do so. A review of the council website shows that the council is publishing some of the information contained within the code. If the council wishes to provide full transparency for its residents, I recommend reviewing the website of West Chiltington Parish Council as an example of how to set out the information [www.wcpc.org.uk/transparency/](http://www.wcpc.org.uk/transparency/)

*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 separate email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The council has a Privacy Notice and Accessibility Statement on the home page of its website. It is clear the council takes its responsibilities seriously and has made every effort to comply with the legislation.

*Confirm that the council meets regularly throughout the year*

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

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

The Clerk was able to demonstrate that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting. **I remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner's Office** (page 3 of this link) [ico.org.uk/minutesandagendas.pdf](http://ico.org.uk/minutesandagendas.pdf)

*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.*

The standing orders are based on the current NALC model and were last reviewed and adopted by council in December 2020. **Council is reminded that Standing Orders should be reviewed at least annually.**

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

Financial regulations are based on the current NALC model. and were last reviewed and adopted by council in December 2020. **Council is reminded that Financial Regulations should be reviewed at least annually.** The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

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

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

- the council for all items over £5,000 (Replaces £1,000)
- a duly delegated committee of the council for items up to £1000 (Replaces Over £500); or
- the Clerk, in conjunction with Chairman of 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.

**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 £1,000. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.

From a review of council minutes, I confirmed that there is a regular agenda item relating to finances, which includes noting and approving payments, reviews of performance against budget and any other matters relating to audit, insurance, etc.

**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 limits.

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

The system noted above details internal review takes place.

**Final Audit**

The final audit was conducted remotely. The Clerk prepared and forwarded the requested information for review in advance of a scheduled telephone conversation. Other checks were completed through discussion with the Clerk and a review of the council website.

**Section conclusion**

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

**C. RISK MANAGEMENT AND INSURANCE (INTERIM AND FINAL AUDIT)****Internal audit requirement**

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

**Recommended minimum testing:**

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

**Interim audit**

The risk assessment will be reviewed at the year-end audit.

I confirmed that the council has a valid insurance policy in place with Royal Sun Alliance (RSA) in a long-term agreement expiring on 31 May 2023. The policy includes Public Liability and Employers Liability cover of £10 million each and a Fidelity

Guarantee level of £100,000. As highlighted in previous audits, given the balance of funds held by the council is normally over this amount, **I recommend increasing the Fidelity Guarantee limit to cover the highest balance held during the year.**

#### Final Audit

I reviewed the risk register adopted by the council at the meeting held in March 2022. This details various risks by category, assesses the impact and likelihood of each risk to assign an overall risk rating, details actions taken and identifies the person(s) responsible for each potential risk. This is sufficient for a council of this size.

The Clerk provided evidence that the insurance company has been contacted regarding the Fidelity Guarantee cover and that a proposal is to be put to the next council meeting. I anticipated this would have occurred before the year-end, as the matter was highlighted in the interim internal audit report.

**Council is encouraged to ensure recommendations from each internal audit report are considered and timely action taken where appropriate.**

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

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

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

#### Section conclusion

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

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

##### Internal audit requirement

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

##### Recommended minimum testing:

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

##### Interim audit

The Clerk confirmed that the budget and precept for 2022/23 is due to be approved at the council meeting to be held on 17 January 2022.

The Clerk’s Excel report shows that at the end of quarter 3, the council’s total expenditure is recorded as 57.4% of budget for the year.

Council is reminded that general guidance recommends a level of general reserve be maintained at circa six months equivalent of precept and this will be reviewed at the year-end audit.

**Final audit**

I confirmed the council discussed the budget proposal at its meeting in January 2022. The minutes of the meeting indicate discussions centred around the high balances held and the planned expenditure for the year, leading to a recommended increase in the precept. The decision was deferred pending further review by councillors, but the February minutes confirm the final decision made.

There is evidence of regular reviews of financial information at council meetings, with quarterly reviews of the budget position taking place, and it appears that councillors are provided with sufficient information to make informed financial decisions.

At the year-end the council held £146,000 in earmarked reserves split between Gatwick Fighting Fund (£10,000), play equipment (£50,000), improvements to the pavilion (£10,000), car parks (£50,000) and special projects (£26,000).

Remaining funds of circa £88,000 are held in general reserve. Council is reminded that general guidance recommends a level of general reserve be maintained at between three- and twelve-months equivalent of precept. The level held by the council is higher than normally expected and it is recommended to keep this under review.

**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 (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 Clerk confirmed that a review of the fees and charges levied by the council will be completed at the council meeting be held on 17 January 2022 as part of the budget setting process.

**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 (FINAL 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

**Final audit**

The council has no petty cash.

**Section conclusion**

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

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

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

**Recommended minimum testing:**

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

**Interim audit**

The council uses an external company to provide payroll services. The external provider completes all the PAYE and NI calculations and provides the information to the council to make the salary and HMRC payments. I reviewed the payslips and payroll summaries for months 8 and 9 (November and December 2021) and was able to confirm PAYE and NI deduction amounts are correct.



**Final Audit**

I was able to confirm that the amount entered into box 4 of the AGAR (staff costs) correctly includes only salary, PAYE and Employers NI contributions and pension contributions.

The Clerk confirmed that all eligible staff received the backdated NJC pay rise in their March 2022 salaries.

**Section conclusion**

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

**H. ASSETS AND INVESTMENTS (INTERIM AND FINAL AUDIT)****Internal audit requirement**

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

**Recommended minimum testing:**Tangible fixed assets

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

Fixed asset investments

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

Borrowing and lending

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

**Interim audit**

The asset register was not made available for the interim audit and will be reviewed at the year-end audit.

**Final Audit**

The council has a fixed asset register in place in tabular format. The register includes a description of each asset, its location, purchase date (where known) supplier information, purchase price and insured value. This is sufficient for a council of this size.

I was able to confirm that the asset register total matches that entered onto the AGAR for 2021/22.

I confirmed the council the PWLB year-end balance and repayments to the PWLB statement.

#### Section conclusion

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

### I. BANK AND CASH (INTERIM AND FINAL AUDIT)

#### Internal audit requirement

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

#### Recommended minimum testing:

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

#### Interim audit

I reviewed the reconciliations and associated bank statements for July, August and September 2021. I found no errors in the reconciliation and was able to confirm the balances as correct against the statements.

#### Final Audit

At the year-end the council had a reconciled bank position across its accounts. There remain five unreconciled entries at the year-end, all of which are historic and should be removed from the accounts as the payments are not going to be made.

I was able to confirm the balances to the bank statements dated 31 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

## 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 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> – the council takes action on recommendations within internal audit reports
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	<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	98,427	182,155	Correctly carried over from box 7 2020/21
2	Precept or rates and levies	73,090	73,821	Confirmed against precept amount received
3	Total other receipts	82,066	53,327	Confirmed against accounting records
4	Staff costs	27,314	31,293	Confirmed against accounting records
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	44,114	43,192	Confirmed against accounting records
7	Balances carried forward	182,155	234,818	Total correctly equals (1+2+3) – (4+5+6)
8	Total value of cash and short-term investments	182,155	234,818	Confirmed against accounting records and account balances
9	Total fixed assets plus long-term investments and assets	843,785	849,325	Verified against asset register
10	Total borrowings	0	0	Council has no borrowing

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

The AGAR correctly casts and cross casts and the comparatives for the previous year have been correctly stated.

The variance analysis has been completed to explain the variances in box 3. However, the net difference explained on the variance analysis equates to circa £48,000 and the difference needing to be explained is circa £28,000. **In my opinion, this document needs further work to ensure that the External Auditor accepts it as sufficient explanation.**

### 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

### Final audit

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

**Interim audit**

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

**Section conclusion**

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

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

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

**Recommended minimum testing:**

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

**Final Audit**

Inspection – key dates	2020/21 Actual	2021/22 Proposed
Date inspection notice issued	22 June 2021	30 June 2022
Inspection period begins	23 June 2021	1 July 2022
Inspection period ends	3 August 2021	11 August 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.

The council plans to sign the AGAR at the meeting to be held on 20 June 2022.

**Section conclusion**

I am of the opinion that the control assertion "the authority has demonstrated that during summer 2021 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations" has been met.

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

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

**Recommended minimum testing:**

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

Before 1 July 2021 authorities must publish:

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

Not later than 30 September 2021 authorities must publish:

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

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

**Interim audit**

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

**Section conclusion**

I am of the opinion that the control assertion of "the authority has complied with the publication requirements for 2020/21 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage" has been met.

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

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

**Recommended minimum testing:**

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

**Interim audit**

The council has no trusts.

**Section conclusion**

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

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

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Andy Beams'.

**Andy Beams**  
**For Mulberry & Co**