



Mrs J Coulthard  
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The Street  
Charlwood  
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14 June 2024

Dear Janette

**Re: Charlwood Parish Council**  
**Internal Audit Year Ended 31 March 2024 – Year-End Audit report**

**Executive summary**

Following completion of our year-end internal audit on 14 June 2024 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.

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. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of this is available on request. The report concludes with an opinion as to whether each assertion has been met or not. Where appropriate **recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

**However, there are areas of the councils internal controls which require improvement, and my report contains recommendations to support the council in establishing a robust system, incorporating internal control checks by councillors.**

**It is therefore our opinion that the systems and internal procedures at Charlwood Parish Council need improvement, and I recommend the council receives an interim internal audit visit in the autumn to gauge progress.**

**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, who has over 30 years' experience in the financial sector with the last 13 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

### Engagement Letter

An engagement letter was previously issued to the council covering the 2023/24 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.

It is our 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

		PAGE
A	BOOKS OF ACCOUNT	3
B	FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	3
C	RISK MANAGEMENT AND INSURANCE	5
D	BUDGET, PRECEPT AND RESERVES	6
E	INCOME	6
F	PETTY CASH	7
G	PAYROLL	7
H	ASSETS AND INVESTMENTS	7
I	BANK AND CASH	7
J	YEAR END ACCOUNTS	8
K	LIMITED ASSURANCE REVIEW	10
L	PUBLICATION OF INFORMATION	10
M	EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS	11
N	PUBLICATION REQUIREMENTS	11
O	TRUSTEESHIP	12
	ACHIEVEMENT OF CONTROL ASSERTIONS	13
	AUDIT POINTS CARRIED FORWARD	14

## A. BOOKS OF ACCOUNT

### **Internal audit requirement**

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

### **Audit findings**

The audit was conducted on site with the Clerk, who also acts as the council's Responsible Financial Officer (RFO). The Clerk had prepared the information advised in advance of the visit, and other information was reviewed through discussion with the Clerk and a review of the council website [www.charlwoodparishcouncil.gov.uk](http://www.charlwoodparishcouncil.gov.uk)

Further review of information was conducted in the week following the on-site visit to confirm the figures being presented on the 2023/24, following the required restating of information recorded incorrectly on the previous year's AGAR.

The council uses Excel for recoding the council's finances. This is a suitable method for a council with a limited number of transactions.

## B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

### **Internal audit requirement**

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

### **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 qualified with the External Auditor stating 'The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR: • Unpresented cheques, amounting to £1,206, which are out of date have been incorrectly included on the bank reconciliation when they should have been written back. The figures in Section 2, Boxes 4, 6, 7 and 8 for the current year should read £34,808, £108,497, £222,682, and £222,682 respectively.'

The External Auditor's Report and Certificate have been published on the council website along with the Notice of Conclusion of Audit and was reported to the council meeting held in September 2023 (minute ref 13.2).

I note the council received and considered the internal auditor's report at the council meeting held in July 2023 (minute ref 10.3).

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

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website provides details of each councillor's Register of Members Interest Form.

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

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so. A review of the council website shows that some of the information is published, but if the council wishes to comply fully with the code, I recommend viewing the way West Chiltington Parish Council publishes the information, which can be viewed via this link [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 that councillors are using @gmail email addresses rather than the council @charlwoodparishcouncil.gov.uk email addresses established for the staff members. The use of the @charlwoodparishcouncil.gov.uk email address 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 Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2023) contains updated guidance on the matter as below:

*The importance of secure email systems and GOV.UK*

- 5.205. All authorities except parish meetings must now have an official website. To comply with GDPR, councils should provide official email accounts for their councillors as well as for their clerk and other officers.
- 5.206. When choosing a domain name for the council's website and emails, many local council websites are appropriately making use of the official GOV.UK domain (for example, [ourparishcouncil.gov.uk](http://ourparishcouncil.gov.uk)), with email addresses being linked to that domain.
- 5.207. Using a GOV.UK domain for your council website and email accounts demonstrates the council's official local government status. Members of the public are increasingly cyber security awareness, so a GOV.UK domain can also help to build trust, and credibility and visibly demonstrates authenticity. Many people will now reasonably expect a local council to have a GOV.UK domain name.
- 5.208. For the purposes of user management, councils should ensure that the proper officer can add and remove member and staff email accounts. Commercial 'dashboard' email and web systems offer centralised searching of all data contained within the system for effective compliance with GDPR Subject Access Requests and Freedom of Information Requests.

The council has a Privacy Notice and Accessibility Statement on its website. **I recommend the council considers the recommendation to use councillor email addresses as defined within the JPAG Practitioner's Guide.**

*Confirm that the council meets regularly throughout the year*

The council meets regularly during the year. Meeting dates are published on the council website along with historic agendas and minutes.

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

I was able to confirm 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 note the agendas currently include a statement that '*Copies of non-confidential meeting papers can be obtained by contacting the Parish Clerk via email at [clerk@charlwoodparishcouncil.gov.uk](mailto:clerk@charlwoodparishcouncil.gov.uk) and Approved Minutes of previous meetings are available for viewing on the website [www.charlwoodparishcouncil.gov.uk](http://www.charlwoodparishcouncil.gov.uk) or by contacting the Clerk*' however, **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 most recently reviewed and adopted by council in September 2023 (minute ref 12.1).

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

The Financial Regulations in place for the year under review are based on the current NALC model. The Clerk is aware that an updated model version has been produced by NALC and was published in May 2024, and these should be used as the basis for future updates.

**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*
- *a duly delegated committee of the council or full council for items over £1000 and up to £4,999*
- *the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for all items above £500 and up to £999*
- *the Clerk for all 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 4.2. 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, or duly delegated committee. 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 £1000. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.*

Based on the level of financial activity of the council, and through discussion with the Clerk, these authorisation thresholds appear appropriate.

A review of council minutes and sample testing shows that council authorises payments in accordance with the adopted Financial Regulations

**Check receipt of VAT refund matches last submitted VAT return**

The Clerk is in the process of completing the VAT reclaim for the current year, and confirmation of this and receipt of the refund amount due will be confirmed at the next internal audit.

**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.*

**Audit findings**

The council has a risk assessment process in place, which was last reviewed and approved by council in March 2024. I reviewed the risk register which identifies each risk, assesses the impact and likelihood of occurrence, assigns an overall risk rating and details actions taken in response. The register covers all risks typically associated with a council of this size and is a suitable method for demonstrating its risk management approach.

I confirmed that the council has a valid insurance policy in place with Ansvar Insurance which covers the year under review. The policy includes Public Liability and Employers Liability cover of £10 million each and a Fidelity Guarantee level of £250,000 which is sufficient for a council of this size, although the council is advised to keep this figure under review to ensure it covers the maximum balance held.

We discussed assertion 8 on the Annual Governance Statement and whether 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 confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

#### **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.*

##### **Audit findings**

The council set a precept of £76,500 for 2023/24. With a tax base of 1,030.0, this equates to a band D equivalent of £74.127 (compared to the average in England of £79.35).

From a review of the council minutes, it appears that the council agreed the 2024/25 budget at its meeting in February 2024. The budget should be used to determine the precept, which should be requested from the District Council by the end of January, so this suggests that the sequencing of events is not as required. From discussion with the Clerk, the reintroduction of the Finance Committee may assist with this process in the future, and the minutes should clearly capture the agreement of the budget and precept figure being requested.

The Excel spreadsheets are updated regularly with accounting transactions and used to update councillors with the financial position during the year.

At the end of the financial year, the council held circa £103,881 in earmarked reserves (EMR), split across a range of clearly identifiable planned projects of the council. The general reserve balance at the year-end is stated as circa £79,181 although with a surplus for the year of circa £28,173, this means the actual general reserve balance is circa £107,354.

The Joint Panel on Accountability and Governance (JPAG) Practitioner’s guide states *‘the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority’s general reserve is that this should be maintained at between three and twelve months of net revenue expenditure’* (para 5.33).

**The general reserve balance is higher than the recommended range and the council should keep this under careful review.**

#### **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.*

##### **Audit findings**

Apart from the precept, the council receives income from a range of sources including pavilion lettings, grants and bank interest. A review of the Excel accounting records shows that income is accurately recorded and contains sufficient narrative to identify the source and purpose of the funds received.

**I note that there was an issue with the Clerk being able to access all bank statements to complete the year-end accounts with interest received during the year, and the council should ensure that systems are put in place to allow access to statements for the Clerk to enable the process to operate more effectively in future.**

## 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.*

### **Audit findings**

The council has no petty cash.

## 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.*

### **Audit findings**

There are four employees, with payroll outsourced to a third party who processes the information and produces payroll reports for the council. Two of the employees are paid quarterly.

I reviewed the payroll summaries presented for the internal audit and the payroll deductions appear correct.

I reviewed the total figure being included within box 4 (staff costs) on the Annual Governance and Accountability Return (AGAR) and was able to confirm from the accounting software that this includes only salary payments, HMRC payments and pension contributions.

## H. ASSETS AND INVESTMENTS

### **Internal audit requirement**

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

### **Audit findings**

The council has a fixed asset register in place, maintained in an Excel format, which includes details of asset description, location, date of acquisition, supplier, original purchase price and insured value. Assets are correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) on the AGAR and was able to trace the changes to the previous year's total against the asset register.

The council has no borrowing nor long-term investments.

## I. BANK AND CASH

### **Internal audit requirement**

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

### **Audit findings**

Financial Regulation 2.2 states 'On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the Clerk. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.'

I was able to confirm the year-end bank balances, and that bank reconciliations take place but **there is no evidence of the requirements of FR 2.2 being followed, as there are no signed reconciliations and statements by councillors. The council must put in place a process to ensure that appropriate checks are being completed and document these in accordance with its adopted Financial Regulations.**

Year-end balances with Lloyds and Barclays are within the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS) although the Nationwide account now exceeds this level, and the council should consider transferring funds to maximise the protection available to it.

## 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.*

### Audit findings

The council, at its meeting to sign off the year-end accounts, must discuss Section 1 of the AGAR (Annual Governance Statement) and record this activity in the minutes of the meeting. **COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM PRIOR TO THE SIGNING OF SECTION 2 OF THE AGAR (ANNUAL ACCOUNTS).**

### Section 1 – Annual Governance Statement

Based on the internal audit finding I recommend using the table below as the basis for that discussion.

	Annual Governance Statement	'Yes', means that this authority	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	<b>YES</b> – 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>NO</b> – while there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny, there is no evidence of councillor control over matters such as correctly completing the bank reconciliation checks.
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 2022/23 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 its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	<b>NO – the council has not met its responsibilities as a trustee as the charity reporting is 1,600 days overdue</b>

### Section 2 – Accounting Statements

AGAR box number		2022/23	2023/24	Internal Auditor notes
1	Balances brought forward	234,818	222,682	Agrees to 2022/23 carry forward (box 7)
2	Precept or rates and levies	75,298	76,500	Figure confirmed to central precept record
3	Total other receipts	55,871	43,910	Agrees to underlying accounting records
4	Staff costs	<del>34,876</del> <b>34,808</b>	33,879	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	<del>109,635</del> <b>108,497</b>	97,979	Agrees to underlying accounting records
7	Balances carried forward	<del>221,476</del> <b>222,682</b>	211,234	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	<del>221,476</del> <b>222,682</b>	211,234	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long-term investments and assets	884,930	905,363	Matches asset register total and changes from previous year have been traced
10	Total borrowings	0	0	Council has no borrowing
11a	Disclosure note re Trust Funds (including charitable)	No	Yes	No – the council is a sole trustee
11b	Disclosure note re Trust Funds (including charitable)	N/A	Yes	N/A – the council has met the disclosure requirements relating to trust funds

**Audit findings**

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

The AGAR correctly casts and cross casts and last year’s comparatives have been restated in accordance with the External Auditor’s comments ‘*The figures in Section 2, Boxes 4, 6, 7 and 8 for the current year should read £34,808, £108,497, £222,682, and £222,682 respectively.*’

**The council may need to provide an explanation to the External Auditor for changing its response to box 11 questions relating to trustee status.**

**K. LIMITED ASSURANCE REVIEW**

**Internal audit requirement**

*IF the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick “not covered”)*

**Audit findings**

The council did not certify itself exempt in 2022/23 due to exceeding the income and expenditure limits and this test does not apply.

**L: PUBLICATION OF INFORMATION**

**Internal audit requirement**

*The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation*

**Audit findings**

For councils with a turnover over £25,000, it is recommended best practice to follow the Local Government Transparency Code 2015, but not a statutory requirement and therefore not subject to verification during the internal audit.

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

**13(1)** An authority must publish (which must include publication on that authority’s website)

- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (b) the Annual Governance Statement approved in accordance with regulation 6(3)

**13(2)** Where documents are published under paragraph (1), the authority must

- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

I was able to confirm that pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor’s Report and Certificate) of the AGAR are available for review on the council website for financial years 2018/19 to 2022/23 inclusive.

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

*The authority has demonstrated that during summer 2023 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.*

**Audit findings**

Inspection – key dates	2022/23 Actual	2023/24 Proposed
Date AGAR signed by council	19 June 2023	25 June 2024
Date inspection notice issued	19 June 2023	26 June 2024
Inspection period begins	26 June 2023	27 June 2024
Inspection period ends	4 August 2023	7 August 2024
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	Yes

Although not highlighted in the External Auditor's Report and Certificate, the council has not correctly provided for the exercise of public rights during 2023 as the inspection notice was issued on the same date as the council signed the AGAR, and there must be a minimum one day gap between these dates. Therefore, the requirements of this control objective were NOT met for 2022/23, and assertion 4 on the Annual Governance Statement must be signed 'No' by the council.

I was able to confirm that the proposed dates for 2023/24 meet the statutory requirements.

**N: PUBLICATION REQUIREMENTS****Internal audit requirement**

*The authority has complied with the publication requirements for 2022/23. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.*

*Before 1 July 2023 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 2022/23, approved and signed, page 4
- Section 2 - Accounting Statements 2022/23, approved and signed, page 5

*Not later than 30 September 2023 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 Notice of Public Rights is published on the council website along with the Notice of Conclusion of audit and External Auditor Report and I was able to confirm that the publication requirements for 2022/23 have been met.

## O. TRUSTEESHIP

### **Internal audit requirement**

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

### **Audit findings**

During this financial year, it has been brought to the council's attention that it is the trustee of Recreation Ground Charlwood (charity number 200044). I reviewed the information available on the Charity Commission website and was able to confirm that the council is correctly listed as the sole trustee. **The charity reporting is 1,600 days overdue though, and the council must put in place steps to ensure it meets its responsibilities as a trustee by completing the charity return on time. The council may also need to provide an explanation to the External Auditor for changing its response to the trustee question on the AGAR where it had previously stated that it was not a trustee.**

**Achievement of control assertions at year-end audit date**

Based on the tests conducted during the year-end audit, our conclusions on the achievement of the internal control objectives are summarised in the table below and are reflected in the completion of the Annual Internal Audit Report within the AGAR.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	<b>Periodic bank account reconciliations were properly carried out during the year.</b>		✓	
J	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.	✓		
K	If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			✓
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	✓		
M	<b>The authority, during the previous year (2022/23) 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).</b>		✓	
N	The authority has complied with the publication requirements for 2022/23 AGAR.	✓		
O	<b>Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>		✓	

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

Yours sincerely



**Andy Beams**

**Mulberry Local Authority Services Ltd**

**Year-End Audit - Points Carried Forward**

Audit Point	Audit Findings	Council comments
<b>B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS</b>	<p>It was noted that councillors are using @gmail email addresses rather than the council @charlwoodparishcouncil.gov.uk email addresses established for the staff members. The use of the @charlwoodparishcouncil.gov.uk email address 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.</p> <p>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) <a href="https://ico.org.uk/minutesandagendas.pdf">ico.org.uk/minutesandagendas.pdf</a></p>	
<b>D. BUDGET, PRECEPT AND RESERVES</b>	<p>The general reserve balance is higher than the recommended range and the council should keep this under careful review.</p>	
<b>E. INCOME</b>	<p>I note that there was an issue with the Clerk being able to access all bank statements to complete the year-end accounts with interest received during the year, and the council should ensure that systems are put in place to allow access to statements for the Clerk to enable the process to operate more effectively in future.</p>	
<b>I. BANK AND CASH</b>	<p>There is no evidence of the requirements of FR 2.2 being followed, as there are no signed reconciliations and statements by councillors. The council must put in place a process to ensure that appropriate checks are being completed and document these in accordance with its adopted Financial Regulations.</p> <p>Year-end balances with Lloyds and Barclays are within the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS) although the Nationwide account now exceeds this level, and the council should consider transferring funds to maximise the protection available to it.</p>	
<b>M. EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS</b>	<p>Although not highlighted in the External Auditor's Report and Certificate, the council has not correctly provided for the exercise of public rights during 2023 as the inspection notice was issued on the same date as the council signed the AGAR, and there must be a minimum one day gap between these dates. Therefore, the requirements of this</p>	

	control objective were NOT met for 2022/23, and assertion 4 on the Annual Governance Statement must be signed 'No' by the council.	
<b>O. TRUSTEESHIP</b>	The charity reporting is 1,600 days overdue though, and the council must put in place steps to ensure it meets its responsibilities as a trustee by completing the charity return on time. The council may also need to provide an explanation to the External Auditor for changing its response to the trustee question on the AGAR where it had previously stated that it was not a trustee.	