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Our Ref: MARK/LOW003

Mr P Knox
Lower Beeding Parish Council
Brede Cottage
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RH13 6LU

31 May 2023

Dear Peter

Re: Lower Beeding Parish Council
Internal Audit Year Ended 31 March 2023 – Year-End Audit report

Executive summary

Following completion of our year-end internal audit on 31 May 2023 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.

It is clear the council takes governance, policies and procedures 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 Lower Beeding 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, 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 2022/23 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. As part of the inherent risk assessment, we have concluded that:

- There have been no reported 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 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.

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A. BOOKS OF ACCOUNT**Internal audit requirement**

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

Audit findings

The year-end 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 I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Clerk and a review of the council website www.lowerbeeding.com

This is the first internal audit conducted by Mulberry & Co, and the resultant report reflects a more thorough audit approach than the council may have been used to previously. From discussion with the Clerk, some of the identified issues are where there was a lack of understanding over the correct procedures, and these have not been highlighted in previous internal audit visits.

I am grateful to Peter for his support and encouraged with his attitude towards wanting to be advised of any errors and look forward to seeing the corrective action taken at my next visit.

The council uses Excel for recording the day-to-day financial transactions of the council. This is a suitable method for a council of this size with a limited number of transactions. The system is used regularly to record transactions and produce management information reports for review at council meetings.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS**Internal audit requirement**

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

Audit findings

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

The External Auditor's Report for 2021/22 was qualified, with the External Auditor stating:

'The inspection period for the exercise of electors' rights does not include the first ten working days of July as specified in the Accounts and Audit regulations, Part 15(1).

The Public Rights period is required by the Audit and Accounts Regulations to be started as soon as practicable after the date the AGAR has been approved but the Council waited a period of 5 weeks from approval before these were made available for public review.

We reported in the prior year in relation to the Notice of Public Rights not being properly raised. As the Notice of Public Rights for the 2021 year-end was during the 2022 financial year, the Council should have answered 'No' to assertion 4 on Section 1 of the AGAR. As further public rights breaches have taken place in 2022 the Council should also have answered 'No' to assertion 7 of Section 1.

Section 12 of the Audit and Accounts Regulations 2015 requires the RFO to complete Section 2 of the Annual Governance and Accountability Return prior to passing it to the Council for its approval. This year, the Council approved the Return before the RFO which is a breach of this regulation, In future the Council should ensure the form is duly completed prior to it considering it for approval.

Section 1 of the AGAR was completed as approved on 14/06/2022 with a minute reference 08/22. Section 2 of the AGAR was dated on the same day and had the minute reference 079/22. On investigation (due to the big difference in minute references used), the minutes found on the Parish Council's website clearly show both Sections 1 and 2 were approved at the Parish Meeting held on 14 June 2022 and recorded as minute items 076/22 and 080/22 respectively.'

Under 'other matters' the External Auditor commented:

'The Council's name was not entered in Section 2 of the Annual Return on the initial submission. We consider the omission to be trivial, however the Parish Council should take care to ensure the form is fully completed in the future to ensure full compliance with the regulations and code of practice. The form was later amended and resubmitted to us with this being completed.'

The Internal Auditor has answered 'Yes' to box M of their report despite the council not satisfying the Audit and Accounts Regulations 2015 in multiple regards to the notice of public rights period during 2021-22 which required a period of 30 working dates but was set for a period of 30 calendar days and for a period to include the first ten working days of July, but this was not the case. We would therefore have anticipated this response to have been 'no.'

The External Auditor's Report and Certificate and Notice of Conclusion of Audit have not been published on the council website, which is a statutory requirement.

The conclusion of the audit and the External Auditor's comments were reported to the council at the meeting held on 27 September 2022.

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 councillors and includes their individual Register of Members' Interests Forms. The Clerk is in the process of obtaining updated Register of Members Interest Forms for all councillors following the election.

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. I recommend reviewing the way the information is published on the website of West Chiltington Parish Council as a best practice example via this link 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 common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

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), 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.

I recommend the council follows the JPAG guidance on emails for councillors and that all councillors continue to use their official email accounts for all council business.

The council has a Privacy Notice and Accessibility Statement on of its website, and it is clear the council has made every effort to comply with the website requirements.

Confirm that the council meets regularly throughout the year.

Future meeting dates and historic agendas and minutes for meetings are published on the council website.

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

The Clerk confirmed that at least 3 clear days' notice is given on agendas, although there is no publication date on the agenda itself and **I recommend the council reinstates the practice of including a publication date to clearly prove the statutory notice period has been given.**

I note that agendas state that '*Members of Lower Beeding Parish Council are invited to attend the meeting...*'. To comply with the Local Government Act 1972, Schedule 12, '*a summons to attend the meeting, specifying the business proposed to be transacted at the meeting and certified by the proper officer of the council, shall be sent to every member of the council by an appropriate method.*'. The emphasis here is that councillors are summoned to attend a meeting, as it is their responsibility to attend, rather than simply invited, and the council may wish to consider altering the wording on the agenda.

I remind council that the Annual Council Meeting in an election year, must take place within 14 days of councillors taking their seats. In any other year, it may be held on any day in May.

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

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 NALC model although they have not been reviewed and updated by the council for some time. **The council should ensure that Standing Orders and Financial Regulations are reviewed annually and appropriately minuted at the relevant meeting.**

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

Financial Regulations are based on the current NALC model although they have not been reviewed and updated by the council for some time. **The council should ensure that Standing Orders and Financial Regulations are reviewed annually and appropriately minuted at the relevant meeting.**

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;*
- *a duly delegated committee of the council for items 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. Contracts may not be disaggregated to avoid controls imposed by these regulations.

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 £2,000. 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, these authorisation thresholds appear appropriate.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.82 per elector.
The council has section 137 expenditure within the allowable threshold for the year.

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

There is evidence within the minutes of council meetings that councillors are kept informed of the up-to-date financial position throughout the year, and that payments are authorised in accordance with the council's adopted Financial Regulations.

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 in place which was most recently updated in January 2023. I reviewed the risk assessment record, which identifies risks by subject, the specific risks within each category, assesses whether the risk is low/medium or high, details management controls in place and outlines the review process. This type of approach is suitable for a council of this size and demonstrates that the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich in a long-term agreement expiring in April 2024. The policy includes Public Liability cover of £12 million, Employers Liability cover of £10 million and a Fidelity Guarantee of £250,000 which is sufficient for a council of this size.

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 £37,385 for 2022/23. With a tax base of 556.5, this equates to a band D equivalent of £67.18 (compared to the average in England of £74.81).

From a review of the council minutes, I found no confirmation of the approved budget and/or precept being agreed for 2023/24. The minutes of the meeting held on 29 November state 'The LBPC Precept must be approved and submitted to HDC before 25th January 2023', while the next meeting which took place on 25 January 2023 include the following 'The approved Precept for 2023-24 was submitted to HDC on 12th January 2023.'

Council is reminded that it must formally approve the budget and precept at a meeting and include reference to this in the minutes of that meeting, in accordance with its adopted Financial Regulation 3 - annual estimates (budget) and forward planning.

The Clerk presents the budget performance information at every council meeting for review, and this provides councillors with sufficient financial information to make informed decisions on future spending.

Council is reminded that 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).

I encourage the council to ensure that a clear year-end breakdown is provided to show whether funds are earmarked for future projects or retained as part of the general reserve.

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

Other than the precept, the council has no regular source of budgeted income. Amounts received during the year are from an environmental grant, bank interest and VAT refunds.

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

The Clerk is the only employee but has no signed contract of employment and **I encourage the council to put one in place to protect both the employee and the council.** A template version is available on the National Association of Local Councils (NALC) website. **The council should also ensure that an effective appraisal system is in place to support the Clerk.**

The council uses a third party for processing payroll, who calculates the PAYE and pension deductions. HMRC payments are made quarterly with pension payments made six-monthly.

I reviewed the total figure being included within box 4 (staff costs) on the Annual Governance and Accountability Return (AGAR) and confirmed that this includes only salary payments, HMRC payments and pension contributions. **Council is reminded that other amounts (payroll costs, Clerk expenses, etc) should be included within box 6 on the AGAR.**

There are no councillor allowances.

H. ASSETS AND INVESTMENTS

Internal audit requirement

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

Audit findings

The council has a simple fixed asset register in place with 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. There have been no additions or deletions since last year.

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, the Chairman or Vice Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall verify and sign the monthly and period end reconciliations and sign the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to the Council.'

Bank reconciliations are completed monthly and presented to council for review. I reviewed the March 2023 bank reconciliation and was able to confirm the balances to the bank statements and found no errors.

I noted that while the reconciliations are being reviewed and signed regularly, the bank statement have not been signed in accordance with Financial Regulation 2.2 and the council should put in place measures to complete the last part of this requirement.

Balances held are within the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS).

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	<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>	YES – 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>	YES – 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>	YES – 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>	NO – the requirements and timescales for 2021/22 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>	YES – 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>	YES – 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>	NO – matters raised in internal and external audit reports have not been addressed previously, although the change of internal auditor and the associated action plan will support the Clerk's desire to make improvements.
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>	YES – 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),	<i>has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	N/A – the council has no trusts

	including financial reporting and, if required, independent examination or audit.		
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Section 2 – Accounting Statements

AGAR box number		2021/22	2022/23	Internal Auditor notes
1	Balances brought forward	39,117	45,275	Agrees to 2021/22 carry forward (box 7)
2	Precept or rates and levies	37,240	37,585	Figure confirmed to central records
3	Total other receipts	3,199	1,581	Agrees to underlying records
4	Staff costs	17,524	21,035	Agrees to underlying records
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	16,757	9,849	Agrees to underlying records
7	Balances carried forward	45,275	53,557	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	45,275	53,557	Agrees to bank reconciliation
9	Total fixed assets plus long-term investments and assets	47,919	47,919	Matches asset register
10	Total borrowings	0	0	Council has no borrowing
11a	Disclosure note re Trust Funds (including charitable)	N/A	NO	No – the council is not a sole trustee
11b	Disclosure note re Trust Funds (including charitable)		N/A	N/A – the council is not a sole trustee

Audit findings

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

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2021/22.

The variance analysis needs to be completed to provide an explanation where the variances exceed 15%. This should contain sufficient narrative and quantitative information for the External Auditor to evidence the year-on-year changes.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")

Audit findings

The council did not certify itself exempt in 2021/22 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

This internal control objective has changed since last year. Where previously it related to the relevant Transparency Codes, a council with annual turnover exceeding £25,000 was recommended to follow the Local Government Transparency Code 2015, but it was not a statutory requirement.

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.

On reviewing the council website, pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor's Report and Certificate) of the AGARs for the last five years are not available for review, and the Clerk was unaware of the requirement to publish these. Consequently, this control objective has NOT been met.

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

The authority has demonstrated that during summer 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2021/22 Actual	2022/23 Proposed
Date AGAR signed by council	14 June 2022	13 June 2023
Date inspection notice issued	23 September 2022	14 June 2023
Inspection period begins	26 September 2022	19 June 2023
Inspection period ends	4 November 2022	28 July 2023
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	No	Yes

The External Auditor's report highlighted that 'The inspection period for the exercise of electors' rights does not include the first ten working days of July as specified in the Accounts and Audit regulations, Part 15(1).

The Public Rights period is required by the Audit and Accounts Regulations to be started as soon as practicable after the date the AGAR has been approved but the Council waited a period of 5 weeks from approval before these were made available for public review.'

This control objective was not met for 2021/22, and assertion 4 on the Annual Governance Statement must therefore be signed 'No' by the council.

I was able to confirm that the proposed dates for 2022/23 meet the statutory requirements.

N: PUBLICATION REQUIREMENTS

Internal audit requirement

The authority has complied with the publication requirements for 2021/22. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2022 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 2021/22, approved and signed, page 4*
- *Section 2 - Accounting Statements 2021/22, approved and signed, page 5*

Not later than 30 September 2022 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

Whilst I was able to locate the Notice of Public Rights on the council website, neither the Notice of Conclusion of Audit nor External Auditor Report and Certificate have been published and therefore the publication requirements for 2021/22 have NOT been met.

O. TRUSTEESHIP

Internal audit requirement

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

Audit findings

The council has no trusts.

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 financial 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	Periodic bank account reconciliations were properly carried out during the year.	√		
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 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2020/21 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	The authority, during the previous year (2021-22) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .		√	
N	The authority has complied with the publication requirements for 2021/22 AGAR.		√	
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			√

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

Yours sincerely



Andy Beams
For Mulberry & Co

Year-End Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS	The External Auditor's Report and Certificate and Notice of Conclusion of Audit have not been published on the council website, which is a statutory requirement.	
FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS	I recommend the council follows the JPAG guidance on emails for councillors and that all councillors continue to use their official email accounts for all council business.	
FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS	I recommend the council reinstates the practice of including a publication date to clearly prove the statutory notice period has been given.	
FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS	I remind council that the Annual Council Meeting in an election year, must take place within 14 days of councillors taking their seats. In any other year, it may be held on any day in May.	
FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS	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	
FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS	The council should ensure that Standing Orders and Financial Regulations are reviewed annually and appropriately minuted at the relevant meeting.	
BUDGET, PRECEPT AND RESERVES	Council is reminded that it must formally approve the budget and precept at a meeting and include reference to this in the minutes of that meeting, in accordance with its adopted Financial Regulation 3 - annual estimates (budget) and forward planning.	
BUDGET, PRECEPT AND RESERVES	I encourage the council to ensure that a clear year-end breakdown is provided to show whether funds are earmarked for future projects or retained as part of the general reserve.	
PAYROLL	I encourage the council to put one in place to protect both the employee and the council.	
PAYROLL	The council should also ensure that an effective appraisal system is in place to support the Clerk.	
PAYROLL	Council is reminded that other amounts (payroll costs, Clerk expenses, etc) should be included within box 6 on the AGAR.	
YEAR END ACCOUNTS	The variance analysis needs to be completed to provide an explanation where the variances exceed 15%. This should contain sufficient narrative and quantitative information for the External Auditor to evidence the year-on-year changes.	
PUBLICATION OF INFORMATION	On reviewing the council website, pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor's Report and Certificate) of the AGARs for the last five years are not available for review, and the Clerk was unaware of the	

	requirement to publish these. Consequently, this control objective has NOT been met.	
EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS	This control objective was not met for 2021/22, and assertion 4 on the Annual Governance Statement must therefore be signed 'No' by the council.	
PUBLICATION REQUIREMENTS	Whilst I was able to locate the Notice of Public Rights on the council website, neither the Notice of Conclusion of Audit nor External Auditor Report and Certificate have been published and therefore the publication requirements for 2021/22 have NOT been met.	