



Ref: TJE/LB001

Mr P Knox  
Lower Beeding Parish Council  
Brede Cottage  
Church Lane  
Plummers Plain  
West Sussex  
RH13 6LU

10<sup>th</sup> May 2024

Dear Peter

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

**Executive summary**

Following completion of our year-end internal audit on 10<sup>th</sup> May 2024 we enclose our report for your kind attention and presentation to the council. This report contains details of the additional testing conducted at year-end and should be considered alongside the interim audit report issued following our interim audit on 27<sup>th</sup> September 2023. The audits were 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.**

Whilst we have found matters errors that require reporting to the external auditor at this time, we have not identified 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 overall, 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 Tracey Euesden of Mulberry & Co, who has over 30 years' experience in the financial sector with the last 15 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.

### Year-End Audit

The year-end audit was conducted remotely. Information was requested from the council in advance of the audit taking place, and this was reviewed along with other information published on the council's website [www.lowerbeeding.com](http://www.lowerbeeding.com)

### Table of contents

		TEST AT INTERIM	TEST AT FINAL	PAGE
	<b>INTERIM AUDIT – POINTS CARRIED FORWARD</b>			3
B	<b>FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS</b>	✓	✓	3
C	<b>RISK MANAGEMENT AND INSURANCE</b>	✓	✓	4
D	<b>BUDGET, PRECEPT AND RESERVES</b>	✓	✓	4
G	<b>PAYROLL</b>	✓	✓	5
H	<b>ASSETS AND INVESTMENTS</b>	✓	✓	5
I	<b>BANK AND CASH</b>	✓	✓	5
J	<b>YEAR END ACCOUNTS</b>		✓	5
K	<b>LIMITED ASSURANCE REVIEW</b>		✓	7
L	<b>PUBLICATION OF INFORMATION</b>		✓	8
M	<b>EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS</b>	✓	✓	8
	<b>ACHIEVEMENT OF CONTROL ASSERTIONS AT FINAL AUDIT DATE</b>		✓	9
	<b>AUDIT POINTS CARRIED FORWARD</b>			10

**Interim Audit - Points Carried Forward**

Audit Point	Audit Findings	Council comments on actions taken since interim visit
<b>B. FINANCIAL REGULATIONS, GOVERNANCE &amp; PAYMENTS</b>	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="http://ico.org.uk/minutesandagendas.pdf">ico.org.uk/minutesandagendas.pdf</a>	This information includes any background documents which are referred to in the agenda or minutes, or were circulated in preparation for the meeting. These are considered part of the agenda.
	Councils can reclaim for the three previous years, and I recommend that the claims for the previous years are submitted as soon as possible, and then an annual claim is completed at the end of each financial year in future	The Clerk advises that this is in hand.
<b>D. BUDGET, PRECEPT AND RESERVES</b>	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.	2024 2025 Precept approved at January 2024 meeting.
<b>G. PAYROLL</b>	I note that the Clerk salary amount recorded in the Excel spreadsheet includes a working from home allowance. While this is an allowable payment to the Clerk, this does not form part of the defined Staff Costs recorded in box 4 of the AGAR which should include actual salary, HMRC and pension payments only. The working from home allowance should be included in box 6 (Other Payments).	Rectified in final accounts.
<b>L. PUBLICATION OF INFORMATION</b>	The council must ensure it publishes the full five years' worth of information (i.e., 2018/19 to 2022/23 inclusive) on the website by the time of the final audit.	Rectified.
<b>N PUBLICATION REQUIREMENTS</b>	The External Auditor Report and Certificate and Notice of Conclusion of Audit have not yet been published and these must be added to the council website before 30 September to meet that part of the Accounts and Audit Regulations 2015.	These were not added in time.

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

Further to the testing conducted at the interim audit, I checked a sample of invoices and payments made towards the end of the financial year. I was able to confirm amounts processed matched the amounts paid on the payments and receipts report

were consistent with the associated invoice and had been approved in accordance with the council's adopted Financial Regulations.

**As noted during the interim audit, 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](https://ico.org.uk/minutesandagendas.pdf)** This includes any background documents (not only those relating to accounts and budget) which are referred to in the agenda or minutes, or were circulated in preparation for the meeting as they are considered part of the agenda.

## 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**

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**

Financial Information is presented at the Parish Council meetings, including updated management accounts and payment lists, providing councillors with sufficient opportunity to scrutinise the council's overall financial position. However, as noted at the interim audit, Council is reminded that the budget and precept must be formally approved at a meeting and referenced in the minutes of that meeting. There is evidence of the 2024 Precept being approved at a meeting in January 2024 but this is not the case for the budget.

Analysis of the council's year-end Receipts and Payment report shows total income for the year reported as 105% and total expenditure as 81%, suggesting that the council budget was set appropriately and has been carefully monitored throughout the year.

At the end of the financial year, the council held £63,270 in the general reserve at the end of the financial year. I was able to compare reserve information across the management accounts and the AGAR working documents and found the totals to be consistent.

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 not within the recommended range and is very high. I recommend council review its general reserves with a view to earmarking reserves for projects within the community.**

## 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. Whilst there is a signed contract in place, this is not based upon the NALC template and I would recommend that council considers revising this.**

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 accounts information provided 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**

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 confirm that there have been no additions or disposals during the year under review.

The Council has no loans or investments.

## I. BANK AND CASH

### **Internal audit requirement**

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

### **Audit findings**

I reviewed the March 2023 bank reconciliation for all accounts and was able to confirm the balances to the bank statements and found no errors.

The balances held are within the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS). I recommend that the Council continues to keep this under review as general reserve levels appear to have increased by circa 20% over the 12 months under review.

## 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.

	<b>Annual Governance Statement</b>	<i>'Yes', means that this authority</i>	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	<b>YES</b> – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	<b>YES</b> – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	<b>YES</b> – the Clerk advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	<b>NO</b> – the requirements of the Accounts and Audit Regulations were not met.
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> – There is evidence that the matters raised are being 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>N/A</b> – the council has no trusts

**Section 2 – Accounting Statements**

AGAR box number		2022/23	2023/24	Internal Auditor notes
1	Balances brought forward	45,275	53,557	Agrees to 2022/23 carry forward (box 7)
2	Precept or rates and levies	37,585	38,880	Figure confirmed to central precept record
3	Total other receipts	1,581	2,256	Agrees to underlying accounting records
4	Staff costs	21,035	20,910	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	0	0	Confirmed to PWLB documents
6	All other payments	9,849	10,513	Agrees to underlying accounting records
7	Balances carried forward	53,557	63,270	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	53,557	63,270	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long-term investments and assets	47,919	47,919	Matches asset register total and changes from previous year have been traced
10	Total borrowings	0	0	Confirmed to PWLB documents
11a	Disclosure note re Trust Funds (including charitable)	NO	NO	No – the council is not a sole trustee
11b	Disclosure note re Trust Funds (including charitable)	N/A	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 a box 7 and 8 reconciliation.

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2022/23 and published on the council website.

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

**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 below £25,000, it is a statutory requirement to follow the Transparency Code for Smaller Authorities

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 2018/2019 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	13/06/2023	14/05/2024
Date inspection notice issued	13/06/2023	31/05/2024
Inspection period begins	14/06/2023	03/06/2024
Inspection period ends	25/07/2023	12/07/2024
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	Yes

While the council has provided the correct 30 day period and included the first 10 working days of July (as required by the Accounts and Audit Regulations), the inspection notice is dated the same date as the council approved the AGAR.

**Therefore, the requirements of this control objective were NOT met for 2022/23, and assertion 4 on the Annual Governance Statement should therefore be answered 'NO' by the council.**

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



**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			✓ None held
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 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	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 <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 2022/23 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

TJ Euesden

**Tracey Euesden**

**Mulberry Local Authority Services Ltd**

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

Audit Point	Audit Findings	Council comments
<b>B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS</b>	As noted during the interim audit, 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> This includes any background documents (not only those relating to accounts and budget) which are referred to in the agenda or minutes, or were circulated in preparation for the meeting as they are considered part of the agenda.	
<b>D. BUDGET, PRECEPT AND RESERVES</b>	The general reserve balance is not within the recommended range and is very high. I recommend council review its general reserves with a view to earmarking reserves for projects within the community.	
<b>G. PAYROLL</b>	The Clerk is the only employee. Whilst there is a signed contract in place, this is not based upon the NALC template and I would recommend that council considers revising this.	
<b>M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS</b>	The requirements of this control objective were NOT met for 2022/23, and assertion 4 on the Annual Governance Statement should therefore be answered 'NO' by the council.	