



Ms B Anderson
Westhampnett Parish Council
Westhampnett Community Hall
Hadrian Drive
Westhampnett
West Sussex
PO18 0FP

13 June 2024

Dear Beccy

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

Executive summary

Following completion of our year-end internal audit on 13 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.**

This is the first internal audit conducted by Mulberry Local Authority Services Ltd, having been appointed during the year by the council. The council has changed Clerk during the year and experienced a difficult period, employing a Locum Clerk to assist with preparation of the budget and year-end figures.

The council has acknowledged that it has not paid close enough attention to matters during the year under review and has prepared a supporting statement to submit to the External Auditor highlighting the identified issues and action being taken to address these.

The systems and procedures in place need review and updating and my report contains recommendations to support these improvements.

I strongly recommend that the council receives an interim internal audit during 2024/25 to assess progress against the identified improvements.

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.

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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 audit was conducted on site with the Clerk, who also acts as the council's Responsible Financial Officer (RFO) along with the Chair of Council. The Clerk had prepared the information advised as far as possible in advance of the visit. **There are invoices and accounting records missing from the middle part of the year, and I must therefore conclude that the council has not met the requirements of this internal control objective.** Other information was reviewed through discussion with the Clerk and a review of the council website www.westhampnettpc.co.uk

The council uses Excel for recording the council's finances. This is a suitable method for a council of this size, although I note the council have been investigating accounting packages and this may prove beneficial for them.

The council is in the process of updating the website and moving to a new provider, and some of the issues highlighted within this report relate to missing website information which may be resolved once the new site is in place.

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

At the time of the internal audit, it is unclear whether last year's External Audit has been concluded. **The External Auditor's Report has not been published on the council website and neither has the Notice of Conclusion of Audit. This is a breach of the statutory regulations – see section N of this report.**

I recommend that if the council is unable to locate the documents, it contacts the External Auditor to request the missing documents.

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 lists the councillor details, although I note the councillor whose acceptance of office form was presented for review (dated 13 May 2024) is not listed on the council website. **There is a link on the councillors page to the Register of Members Interests, although this does not correctly link to the District Council website and must be updated to ensure that all councillor's Register of Members Interest Forms are accessible via the Parish Council website.**

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

Confirm that the council is compliant with GDPR

The Chair was unclear whether any GDPR training has been received. It was noted the council has not 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.

The council has a Privacy Notice and Accessibility Statement on the home page of its website, but I **recommend the council consider the JPAG Practitioner's Guide recommendations regarding the use of email addresses for councillors which may be resolved when the website changes occur.**

Confirm that the council meets regularly throughout the year

The council has moved to meeting every two months, with a meeting of the Finance Committee on the in between months, although the council are considering returning to monthly meetings.

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

For the year under review, 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 that since the change of Clerk, non-confidential supporting documentation is being published with the agendas as outlined by the Information Commissioner's Office.

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

Draft minutes are uploaded to the council website and clearly annotated as draft.

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

Although the minutes of the May 2023 meeting state that Standing Orders were adopted, they are not published on the council website. A review of policies on the council website shows the most recent version dated June 2020 and these are not the NALC current model version and contain out of date legislation. I recommend the council adopts the new NALC model version to ensure it is meeting its statutory responsibilities and the document must be published on the council website.

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

The Financial Regulations are also missing from the council website, and although the Locum Clerk appears to have updated them, the new NALC model version released in May 2024 should now be used as a model going forward for review and the document must be published on the council website.

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

With the ambiguity around the version of Financial Regulations that were used during the year, I have not conducted any testing against them, but will test extensively at the next internal audit visit once an updated version has been adopted.

There is evidence within minutes of meetings of payments being approved throughout the year.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £9.93 per elector

The council has section 137 expenditure within the allowable threshold.

Check receipt of VAT refund matches last submitted VAT return

The previous internal auditor highlighted that no VAT returns had been completed since February 2017. The council is allowed to reclaim VAT and should ensure that it backdates the returns as far as allowable (previous three years) to reclaim the money it is entitled to, and then establish a process going forward to regularly reclaim the VAT each year.

Confirm that checks of the accounts are made by a councillor

The system noted above shows that detailed internal review has not taken place during the year and the council must ensure that processes are put in place to correct this.

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

There is no evidence of a council risk assessment being in place, with no information published on the council website. The council must have in place a risk assessment covering financial and operational risks, and this should be published on the council website. I must conclude that the council has inadequate risk management controls in place.

I confirmed that the council has a valid insurance policy in place with Hiscox Insurance which covers the year under review. The policy includes Public Liability and Employers Liability cover of £10 million each and a Fraud & Dishonesty (Fidelity Guarantee) level of £150,000. **Based on the year-end balances, the level of Fidelity Guarantee is insufficient, and appears to have been for several years based on the balances showing on previous AGARs. The council is recommended to ensure the Fidelity Guarantee is at least the highest level of balance held at any point during the year.**

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 £70,952 for 2023/24. With a tax base of 702.8, this equates to a band D equivalent of £100.96 (compared to the average in England of £79.35).

The Chair confirmed that the council agreed the budget for 2024/25 at the meeting held in January 2024. **There is no evidence that regular reporting against budget took place during the financial year under review, although the Clerk has now established a process for reporting on a quarterly basis and I will be checking for reviews of this information in future minutes at the next internal audit.**

The council holds circa £429,304 in earmarked reserves (EMR) at the end of the financial year, including circa £152,925 allocated as a Community Infrastructure Levy (CIL) EMR. I checked the purpose of these projects with the Clerk and Chair and am satisfied that they are all legitimate future planned projects for the council.

The council also held circa £31,620 in the general reserve at the end of the financial year.

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 within the recommended range.

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 the hall hire, bank interest and grants.

Council is reminded that the hall hire fees should be reviewed annually and I will be checking for evidence of this in future minutes of meetings.

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 and has a signed contract of employment, based on the NALC template, and the council is a member of the Local Government Pension Scheme (LGPS).

Payroll is processed in house by West Sussex County Council who make the payments on behalf of the council and subsequently issue an invoice, I was unable to check any payroll data at the internal audit visit due to an issue with the password and will review this at the next visit.

I reviewed the total figure being included within box 4 (staff costs) on the Annual Governance and Accountability Return (AGAR). This initially included locum Clerk costs and the Hall Manager, who operates as a contractor and is paid by invoice. Council is reminded that only salary payments, HMRC payments and pension contributions can be included within box 4, with other payments included within box 6.

The figures were amended, and I was then able to confirm the total as correct.

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 date of acquisition, description of asset, location of asset, original purchase cost and replacement insurance value. **The most recent additions had originally been included at the cost including VAT. The JPAG Practitioner's Guide provides clear guidance that assets should be recorded at cost price net of VAT.**

Once amended, I was able to confirm the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) on the AGAR.

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

The Chair confirmed that bank reconciliations have been reviewed by the council periodically during the year, although this has been inconsistent. As the council's Financial Regulations are unclear on this requirement, there has been no breach in regulations, but I recommend the council adopt the new model version which includes the requirement for a minimum quarterly check of the reconciliations, with the bank reconciliation and bank statement signed, and this activity recorded in the minutes.

The council holds accounts with Barclays, Lloyds and National Savings & Investments. At the end of the financial year, the balance on the Barclays account exceeds the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS) 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>	NO - although the accounts follow latest Accounts and Audit Regulations, elements of the practitioners guide recommendations have not

			been followed and the council has not put in place effective financial management during the year.
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>	NO – there has not been regular reporting of financial transactions and accounting summaries throughout the year.
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>	NO – the council has not kept up to date with matters during the year
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>	YES – the requirements and timescales for 2022/23 year-end were followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	NO – the council does not appear to have a risk management scheme in place and external insurance arrangements are in need of review.
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>	NO – although the council has appointed an independent and competent internal auditor, it has failed to conduct appropriate internal controls during the year.
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.
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), 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>	N/A – the council has no trusts

Section 2 – Accounting Statements

AGAR box number		2022/23	2023/24	Internal Auditor notes
1	Balances brought forward	475,181	483,634	Agrees to 2022/23 carry forward (box 7)
2	Precept or rates and levies	69,610	70,952	Figure confirmed to central precept record
3	Total other receipts	45,800 45,880	24,751	Agrees to underlying accounting records
4	Staff costs	15,934	22,059	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	91,103	96,353 96,354	Agrees to underlying accounting records
7	Balances carried forward	493,634 483,634	460,924	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	483,634	460,924	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long-term investments and assets	812,813	837,131	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	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 to complete the box 7 and 8 reconciliation.

The AGAR correctly casts and cross casts although there is a £1 rounding error which should be amended within box 6 to ensure the round figures accurately sum.

Last year's comparatives initially supplied for the internal audit did not match the figures submitted for 2022/23, and care must be taken when completing the AGAR to ensure the figures are accurately recorded. Boxes 3 and 7 for 2022/23 are correctly shown in red above.

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 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.

From a review of the council's website, there is considerable data missing as I was only able to locate pages 4 (Annual Governance Statement) and page 5 (Accounting Statements) for 2020/21 and 2022/23, while there are no page 6 (External Auditor's Report and Certificate) on the website and therefore the council has not met the requirements of this internal control objective.

This internal control objective carries forward annually, requiring the previous five years of information to be published and therefore the council must endeavour to locate the missing information and add it to the website as soon as possible.

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	12 June 2023	19 June 2024
Date inspection notice issued	13 June 2023	21 June 2024
Inspection period begins	14 June 2023	22 June 2024 24 June 2024
Inspection period ends	25 July 2023	2 August 2024
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	Yes

I am satisfied the requirements of this control objective were met for 2022/23, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

The proposed dates for 2023/24 initially included the inspection period beginning on Saturday 24 June 2024. The period is 30 consecutive working days, and therefore must be amended to begin on Monday 24 June 2024.

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, but I was unable to locate either the External Auditor Report and Certificate or Notice of Conclusion of audit, and therefore the council has not met the requirements of this internal control objective.

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 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	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. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			✓
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 (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
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



Andy Beams

Mulberry Local Authority Services Ltd

Year-End Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
A. BOOKS OF ACCOUNT	There are invoices and accounting records missing from the middle part of the year, and I must therefore conclude that the council has not met the requirements of this internal control objective.	
B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS	<p>The External Auditor's Report has not been published on the council website and neither has the Notice of Conclusion of Audit. This is a breach of the statutory regulations – see section N of this report. I recommend that if the council is unable to locate the documents, it contacts the External Auditor to request the missing documents.</p> <p>There is a link on the councillors page to the Register of Members Interests, although this does not correctly link to the District Council website and must be updated to ensure that all councillor's Register of Members Interest Forms are accessible via the Parish Council website.</p> <p>I recommend the council consider the JPAG Practitioner's Guide recommendations regarding the use of email addresses for councillors.</p> <p>Although the minutes of the May 2023 meeting state that Standing Orders were adopted, they are not published on the council website. A review of policies on the council website shows the most recent version dated June 2020 and these are not the NALC current model version and contain out of date legislation. I recommend the council adopts the new NALC model version to ensure it is meeting its statutory responsibilities and the document must be published on the council website.</p> <p>The Financial Regulations are also missing from the council website, and although the Locum Clerk appears to have updated them, the new NALC model version released in May 2024 should now be used as a model going forward for review and the document must be published on the council website.</p> <p>The previous internal auditor highlighted that no VAT returns had been completed since February 2017. The council is allowed to reclaim VAT and should ensure that it backdates the returns as far as allowable (previous three years) to reclaim the money it is entitled to, and then establish a process going forward to regularly reclaim the VAT each year.</p>	

	The system noted above shows that detailed internal review has not taken place during the year and the council must ensure that processes are put in place to correct this.	
C. RISK MANAGEMENT AND INSURANCE	<p>There is no evidence of a council risk assessment being in place, with no information published on the council website. The council must have in place a risk assessment covering financial and operational risks, and this should be published on the council website. I must conclude that the council has inadequate risk management controls in place.</p> <p>Based on the year-end balances, the level of Fidelity Guarantee is insufficient, and appears to have been for several years based on the balances showing on previous AGARs. The council is recommended to ensure the Fidelity Guarantee is at least the highest level of balance held at any point during the year.</p>	
D. BUDGET, PRECEPT AND RESERVES	There is no evidence that regular reporting against budget took place during the financial year under review, although the Clerk has now established a process for reporting on a quarterly basis and I will be checking for reviews of this information in future minutes at the next internal audit.	
E. INCOME	Council is reminded that the hall hire fees should be reviewed annually and I will be checking for evidence of this in future minutes of meetings.	
G. PAYROLL	I reviewed the total figure being included within box 4 (staff costs) on the Annual Governance and Accountability Return (AGAR). This initially included locum Clerk costs and the Hall Manager, who operates as a contractor and is paid by invoice. Council is reminded that only salary payments, HMRC payments and pension contributions can be included within box 4, with other payments included within box 6.	
H. ASSETS AND INVESTMENTS	The most recent additions had originally been included at the cost including VAT. The JPAG Practitioner's Guide provides clear guidance that assets should be recorded at cost price net of VAT.	
I. BANK AND CASH	<p>The Chair confirmed that bank reconciliations have been reviewed by the council periodically during the year, although this has been inconsistent. As the council's Financial Regulations are unclear on this requirement, there has been no breach in regulations, but I recommend the council adopt the new model version which includes the requirement for a minimum quarterly check of the reconciliations, with the bank reconciliation and bank statement signed, and this activity recorded in the minutes.</p> <p>The council holds accounts with Barclays, Lloyds and National Savings & Investments. At the end of the</p>	

	<p>financial year, the balance on the Barclays account exceeds the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS) and the council should consider transferring funds to maximise the protection available to it.</p>	
J. YEAR END ACCOUNTS	<p>The AGAR correctly casts and cross casts although there is a £1 rounding error which should be amended within box 6 to ensure the round figures accurately sum.</p> <p>Last year's comparatives initially supplied for the internal audit did not match the figures submitted for 2022/23, and care must be taken when completing the AGAR to ensure the figures are accurately recorded.</p>	
L: PUBLICATION OF INFORMATION	<p>From a review of the council's website, there is considerable data missing as I was only able to locate pages 4 (Annual Governance Statement) and page 5 (Accounting Statements) for 2020/21 and 2022/23, while there are no page 6 (External Auditor's Report and Certificate) on the website and therefore the council has not met the requirements of this internal control objective.</p> <p>This internal control objective carries forward annually, requiring the previous five years of information to be published and therefore the council must endeavour to locate the missing information and add it to the website as soon as possible.</p>	
M. EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS	<p>The proposed dates for 2023/24 initially included the inspection period beginning on Saturday 24 June 2024. The period is <i>30 consecutive working days</i>, and therefore must be amended to begin on Monday 24 June 2024.</p>	
N: PUBLICATION REQUIREMENTS	<p>I was able to confirm that the Notice of Public Rights is published on the council website, but I was unable to locate either the External Auditor Report and Certificate or Notice of Conclusion of audit, and therefore the council has not met the requirements of this internal control objective.</p>	