



MULBERRY & CO

Chartered Certified Accountants
Registered Auditors
& Chartered Tax Advisors

9 Pound Lane
Godalming
Surrey, GU7 1BX

t + 44(0)1483 423054
e office@mulberryandco.co.uk
w www.mulberryandco.co.uk

Our Ref: MARK/WOT001

Mrs L Bignell
Wotton Parish Council
63 Rickwood Park
Beare Green
Surrey
RH5 4PR

20 June 2022

Dear Lesley

Re: Wotton Parish Council
Internal Audit Year Ended 31 March 2022

Executive summary

Following completion of our internal audit on 20 June 2022 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date. **Testing requirements are shown in red** and where appropriate **recommendations for future action are shown in bold text**.

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified, followed by recommended minimum testing requirements. Each section is then concluded with an opinion as to whether the assertion has been met or not.

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor, although we did identify weaknesses in the internal controls which the council must ensure are addressed. These are detailed within the report, and any further support can be provided if clarity is sought on any matter.

While the circumstances leading to the change of Clerk and loss of some information are unfortunate, the new Clerk is experienced and capable of ensuring the council meets its statutory obligations. It is our opinion that the systems and internal procedures at Wotton Parish Council are in need of improvement.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit’s function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all members to support and inform them when they considering the authority’s approval of the annual governance statement.

Independence and competence

Your audit was conducted by Andy Beams of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor has over 30 years' experience in the financial sector with the last 12 years specialising in local government.

Engagement letter

An engagement letter was issued to the council covering the 2021/22 internal audit assignment. Copies of this document are available on request.

Planning and inherent risk assessment

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

- There have been no instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover

It is my opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

Table of contents

A	BOOKS OF ACCOUNT	3
B	FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	3
C	RISK MANAGEMENT AND INSURANCE	5
D	BUDGET, PRECEPT AND RESERVES	5
E	INCOME	6
F	PETTY CASH	7
G	PAYROLL	7
H	ASSETS AND INVESTMENTS	8
I	BANK AND CASH	9
J	YEAR END ACCOUNTS	9
K	LIMITED ASSURANCE REVIEW	11
L	TRANSPARENCY	12
M	EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS	12
N	PUBLICATION REQUIREMENTS	13
O	TRUSTEESHIP	13

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

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

Recommended minimum testing:

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

Audit findings

The audit was conducted on site with the Clerk. She took over the role in February 2022 following the sad and unexpected loss of the previous Clerk. Due to the circumstances of the change of Clerk, no handover was possible and some historic paper information has yet to be located. The Clerk's laptop has been restored to factory settings and all electronic information has been lost.

The new Clerk has set up an Excel spreadsheet for keeping the financial records. This is sufficient for a council of this size and provides sufficient information to complete the financial return for the current year.

From what records were available, it is unclear whether the council had an internal audit previously, and therefore this report highlights areas in need of attention which may not have been flagged to the council before.

The council is not VAT registered. It is unclear from the records available when the council last completed a VAT return, and it is recommended one is submitted for any reclaimable amount as soon as possible due to the limit on backdating reclaims.

Section conclusion

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

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

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

Recommended minimum testing:

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

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

The council was exempt from audit for the 2020/21 financial year, but no Exemption Certificate was completed or submitted to the External Auditor.

Correspondence has been received from the External Auditor regarding this and the circumstances explained. As a result, the council has been requested to submit the full AGAR form 3 for 2021/22.

Confirm by sample testing that councillors sign statutory office forms.

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The Parish Council website contains a link to the Mole Valley District Council website where the details of the Declarations of Interest forms are held for each councillor.

Confirm that the council is compliant with GDPR.

It was noted the council has not yet established common email addresses for all councillors since setting up a new domain. **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.**

I was able to locate a Privacy Policy on the home page of the council website.

Confirm that the council meets regularly throughout the year.

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

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

The Clerk was able to demonstrate that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

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

Minutes are routinely uploaded to the council website.

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

The Standing Orders are based on the current NALC model and were most recently reviewed and adopted by council in May 2022. This included the April 2022 amendments.

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

There is no record of a set of Financial Regulations being used during the year under review, although the Clerk is planning for the council to adopt the model version (amended as appropriate for the council) at the July 2022 council meeting.

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

As there were no Financial Regulations to check for the year under review, I was unable to confirm whether they were being followed. However, from a review of minutes and through discussion with the Clerk, she has put in place sensible measures to ensure payments are approved by council and signatures obtained on a payment sheet and cheque stubs.

The council is encouraged to adopt the Financial Regulations as soon as possible and use the information within them to ensure it is properly authorising payments and making internal control checks of the accounts.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.41 per elector.

The council had no section 137 expenditure for the year.

Section conclusion

I am of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for" has **NOT** been met.

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.

Recommended minimum testing:

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

Audit findings

At the time of the audit, there were no risk assessment documents available for review and it is unclear whether these existed previously. **The council must complete a risk assessment, including an assessment of financial risks and review this on an annual basis, noting the action in the minutes of a council meeting.**

I confirmed that the council had a valid insurance policy in place during the year under review with The Military Mutual. The policy included Public Liability and Employers Liability cover of £10 million minimum each and a Fidelity Guarantee level of £25,000. This is sufficient cover for a council of this size. The Clerk confirmed that the policy has now been renewed with Zurich with effect from June 2022.

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

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

The Clerk confirmed that she was not aware of any such liability at the year end.

Section conclusion

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these" has **NOT** been met.

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.

Recommended minimum testing:

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

Audit findings

The Clerk prepared a budget estimate based on knowledge gleaned from the records available detailing previous expenditure. This was presented to council and approved, along with the precept amount at the council meeting held on 1 February 2022. The Clerk had obtained an agreement from the District Council for the delayed submission.

The Clerk has developed a system of recording the expenditure and this is presented to council on a quarterly basis to review performance against budget.

At the year-end, the council held all balances in general reserve. Guidance for holding funds on a general reserve suggest an appropriate level to between three- and twelve-months' equivalent of net revenue expenditure. The balance held is in excess of this figure and the council is encouraged to consider using some funds for projects while retaining sufficient general reserves to support cash flow requirements.

Section conclusion

I am of the opinion that the control objective of "The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate" has been met.

E. INCOME**Internal audit requirement**

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Recommended minimum testing:

- Review "aged debtor" listings to ensure appropriate follow up action is in place
- Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.
- Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)
- Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised
- Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time
- Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income
- Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked

Audit findings

Apart from the precept, the council's only income sources are the support grant and minimal bank interest. These amounts have been correctly recorded in the accounting records.

The precept was confirmed to the centrally held precept record.

Section conclusion

I am of the opinion that the control objective of "Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for" has been met.

F. PETTY CASH**Internal audit requirement**

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

Recommended minimum testing:

- A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a “not applicable” response is frequently required in this area.
- Review the systems in place for controlling any petty cash and cash floats (used for bar, catering, etc.)
- Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held
- Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held
- Ensure that VAT is identified wherever incurred and appropriate
- Physically check the petty cash and other cash floats held
- Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till “Z” total readings

Audit findings

The council has no petty cash.

Section conclusion

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

G. PAYROLL**Internal audit requirement**

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

Recommended minimum testing:

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

Audit findings

Payroll is outsourced and processed by a third-party agent. I confirmed that deduction amounts appear consistent and that only allowable staff costs are included in box 4 on the AGAR.

The Clerk is the only employee but has no contract of employment. **This is a requirement of Employment Law and must be addressed as soon as possible.** A NALC template contract is available on the NALC website.

Section conclusion

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

H. ASSETS AND INVESTMENTS**Internal audit requirement**

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

Recommended minimum testing:*Tangible fixed assets*

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

Fixed asset investments

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

Borrowing and lending

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

Audit findings

The council had no formal fixed asset register in place that we were able to trace at the time of the audit.

However, from discussion with the Clerk, she has identified a laptop, two noticeboards, a defibrillator and cabinet as assets held by the council and based on known cost/proxy cost has estimated the asset value at £1,127.

The council will need to record these assets on an asset register and publish this on the council website.

I confirmed the council has no PWLB borrowing.

Section conclusion

I am of the opinion that the control objective of "Asset and investments registers were complete and accurate and properly maintained" has **NOT** been met.

I. BANK AND CASH**Internal audit requirement**

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

Recommended minimum testing:

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

Audit findings

At the year end, the council had a reconciled position across its accounts. There was one unreconciled entry at the year-end for a recent cheque. I was able to confirm the balances on all accounts to the bank statements dated 31 March 2022 and verify the reconciled balance to that entered into box 8 on the AGAR.

The council holds balances within the Financial Services Compensation Scheme (FSCS) threshold.

Section conclusion

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of "Periodic and year-end bank account reconciliations were properly carried out" has been met.

J. YEAR END ACCOUNTS**Internal audit requirement**

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

Recommended minimum testing:

- Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein
- Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end

The council, at its meeting to sign off the year-end accounts, must discuss the Annual Governance Statement and record this activity in the minutes of the meeting. Based on the internal audit finding, I recommend using the table below as the basis for that discussion. **COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.**

Section 1 – Annual Governance Statement

	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>	NO – there is no evidence of internal controls and no Financial Regulations in place for the year under review.
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 – I am satisfied that the council has not acted unlawfully.
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 2020/21 year-end 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>	NO – the council has no risk management scheme in place.
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 – external audit reports have raised the lack of an Exemption Certificate for 2020/21 and this has 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 of 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		2020/21	2021/22	Auditor notes
1	Balances brought forward	4,021	6,777	Agrees to 2020/21 carry forward (box 7)
2	Precept or rates and levies	4,963	5,534	Figure confirmed to central records
3	Total other receipts	309	289	Agrees to underlying records
4	Staff costs	2,001	2,216	Agrees to underlying records
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	515	2,005	Agrees to underlying records
7	Balances carried forward	6,777	8,379	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	6,777	8,379	Agrees to bank reconciliation
9	Total fixed assets plus long-term investments and assets	1,126	1,127	Matches asset register
10	Total borrowings	0	0	Council has no borrowing

Audit findings

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

The AGAR correctly casts and cross casts and the comparative figures from the previous year have been correctly copied over.

Figures have been verified against underlying accounting records where appropriate.

The Clerk is aware of the need to complete the variance analysis to explain the variances in excess of 15%.

Section conclusion

I am of the opinion that the control objective of "Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded" has been met.

K. LIMITED ASSURANCE REVIEW**Internal audit requirement**

IF the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")

Recommended minimum testing:

- The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline
- That it has been published, together with all required information on the Authority's website and noticeboard

Audit findings

The council did certify itself exempt in 2020/21 but did not submit the statutory Certificate of Exemption to the External Auditor. Consequently, the council has failed to meet this control assertion.

Section conclusion

I am of the opinion that the control assertion of "If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt" has **NOT** been met.

L: TRANSPARENCY (INTERIM AND FINAL AUDIT)**Internal audit requirement**

If the authority has an annual turnover not exceeding £25,000, it publishes information on a website / webpage up to date at the time of the internal audit in accordance with the Transparency Code for Smaller Authorities

Recommended minimum testing:

- This test applies only to those councils covered by the £25,000 External Audit exemption
- Internal auditors should review the authority's website ensuring that all required documentation is published in accordance with the Transparency Code for Smaller Authorities

Audit findings

The council is not meeting the requirements of this assertion, which is a statutory requirement for councils with a turnover below £25,000 per annum. A good example of the information required to be published, along with other useful documents for a small council, is available via www.crowhurstonline.uk

Section conclusion

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

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

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

Recommended minimum testing:

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

Audit findings

Inspection - Key date	2020/21 Actual	2021/22 Proposed
Date Inspection Notice Issued	Unknown	22 June 2022
Inspection period begins	Unknown	27 June 2022
Inspection period ends	Unknown	5 August 2022
Correct length	Unknown	Yes
Common period included?	Unknown	Yes

I was unable to confirm requirements of this control objective were met for 2020/21, and assertion 4 on the Annual Governance Statement must therefore be signed 'no' by the council.

I confirmed that the proposed dates for 2021/22 are correct. The council plans to sign the AGAR at the meeting to be held on 21 June 2022.

Section conclusion

I am of the opinion the control objective of "The authority, during the previous year (2020-21) 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)" has **NOT** been met.

N: PUBLICATION REQUIREMENTS**Internal audit requirement**

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

Recommended minimum testing:

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

Before 1 July 2021 authorities must publish:

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

Not later than 30 September 2021 authorities must publish:

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

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

Audit findings

The Exemption Certificate and Notice of Public Rights were not published on the council website for 2020/21. As the council has been requested to submit the full AGAR submission this year, the Clerk is aware that the External Auditor's signed report will need to be published on the council website once received (by end of September).

Section conclusion

I am of the opinion that the control assertion of "the authority has complied with the publication requirements for 2020/21 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage" has **NOT** been met.

O. TRUSTEESHIP**Internal audit requirement**

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

Recommended minimum testing:

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

Audit findings

The council has no trusts as a corporate body.

Section conclusion

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

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

Yours sincerely

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

Andy Beams

For Mulberry & Co