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Our Ref: MARK/POL001

Mrs J Tricker
Polegate Town Council
49 High Street
Polegate
East Sussex
BN26 6AL

4 April 2022

Dear Jo

Re: Polegate Town Council
Internal Audit Year Ended 31 March 2022

Executive summary

Following completion of our interim internal audit on 2 November 2021 and final audit on 4 April 2022, we enclose our report for your kind attention and presentation to the council. The audit was conducted remotely 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 and summarised in the tables at the end of the report.**

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, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures very seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Polegate Town Council are well established and followed.

Regulation

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

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

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

Independence and competence

Your audit was conducted by Andy Beams of Mulberry & Co. 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 11 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

At the interim audit date, 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. A final audit will be conducted after the year-end of 31 March 2022.

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A. BOOKS OF ACCOUNT (INTERIM AUDIT)**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

Interim audit

The council continues to use the Rialtas Business Solutions (RBS) software accounting package for recording the day-to-day financial transactions of the council. This is a tried and tested industry specific package and I make no recommendation to change. The system is used regularly to record financial transactions and produce management information reports.

The interim audit was conducted remotely, and the Clerk forwarded the requested information in advance of the audit date. Other information was reviewed on the council website and through discussion with the Clerk.

Meeting agendas are logically structured and minutes show clear resolutions being made by committee and council. I make no recommendation to change this system. The Clerk has implemented a clear structure and established policies and procedures to support the aims and objectives of the Council.

The council is VAT registered and completes reclaims on a quarterly basis. The last VAT reclaim was for the period 1 July to 30 September 2021 inclusive and showed a refund position of £15,156.19. I confirmed this amount was received to the council's account on 22 October. The council is up to date with its postings.

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 (INTERIM AND FINAL AUDIT)**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

Interim audit

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

The external auditor's report and Notice of Conclusion of Audit are published on the council website, and the external auditor's report was approved by council at the meeting held on 27 September 2021 (minute ref 12891).

At the April council meeting, the internal auditor's report was approved (minute ref 12856) and at the Annual Council Meeting in May 2021, the council resolved the appointment of the internal auditor (minute ref 12873).

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website provides details of the Register of Interest for each councillor.

Confirm that the council is compliant with the relevant transparency code

The council's income and expenditure exceed £200,000 per annum, and it is therefore required to follow the Local Government Transparency Code 2015. A review of the council website shows that the council is publishing the information contained within the code via a 'Transparency' tab on the website. The information is clearly presented and up to date and is a good example of a council following the requirements of the code.

Confirm that the council is compliant with GDPR

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The council has a Privacy Notice and Accessibility Statement on the home page of its website. It is clear the council takes its responsibilities seriously and has made every effort to comply with the legislation.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has a committee and working group structure. Appointments to the committees and working groups were approved at the Annual Council Meeting in May 2021 (minute ref 12865(a)) along with agreeing Terms of Reference (minute ref 12865(b)). There are regular scheduled meetings during the year, and a calendar of future meetings is available on the website.

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

A review of the council website shows 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. It was noted that non-confidential supporting documentation for agendas is also published on the council website.

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 marked as draft. These are subsequently replaced with final versions once approved.

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

The standing orders are based on the latest NALC model. These were readopted by council at the Annual Council Meeting in May 2021 (minute ref 12866).

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

Financial regulations are based on the latest NALC model. These were readopted by council at the Annual Council Meeting in May 2021 (minute ref 12867). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

The council has thresholds in place at which authorisations to spend must be obtained (FR 4.1) as below:

- the council for all items over £5,000 unless specifically resolved otherwise

- the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £5,000 or otherwise as resolved by council.

It was noted that the Clerk also has discretion to spend up to £2,000 in the event of extreme risk to the delivery of council services.

I checked the nominal ledger and there is no evidence of 'offsetting' of entries. The cashbook show entries recorded with sufficient detail to explain their purpose. Previous on-site audits have confirmed the council has robust processes in place to obtain the correct authorisation levels prior to payments being made.

I reviewed council minutes, and these demonstrate regular reporting to council of payment lists for approval, presentation of credit card statements, bank reconciliations, income and expenditure reports, trial balances, earmarked reserves and VAT returns. It is clear that councillors are presented with sufficient information to make informed financial decisions.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.41 per elector.
The council has adopted the General Power of Competence (GPC) and the section 137 thresholds do not apply. This was readopted at the Annual Council Meeting in May 2021 (minute ref 12877).

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

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

Final Audit

I reviewed the council's website and am pleased to confirm that the information on it is updated regularly, including the Transparency Code information. It is clear the council makes every effort to keep residents informed through a comprehensive website.

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 been met.

C. RISK MANAGEMENT AND INSURANCE (INTERIM AND FINAL AUDIT)

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

Interim audit

The council has a comprehensive risk assessment process in place. This identifies the areas of risk, categorises them as low/medium/high, lists extensive mitigation control measures in place and records actions taken through regular review and assessment.

The risk assessment was presented to council and approved at the Annual Council Meeting in May 2021 (minute ref 12868). The level of detail consider indicated the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich in a long-term agreement expiring on 27 January 2023. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million each and a Fidelity

Guarantee level of £1 million. Based on the level of funds held, **I recommend council reviews the Fidelity Guarantee level to ensure it covers the maximum balances held during the year.**

Final audit

I note the council has increased the level of Fidelity Guarantee following the recommendation at the interim audit visit.

We discussed assertion 8 on 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 was able to confirm there were no matters excluded from the accounting statements.

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 been met.

D. BUDGET, PRECEPT AND RESERVES (INTERIM AND FINAL AUDIT)

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

Interim audit

The Council’s budget for 2022/23 will show some changes due to the separation of the Community Interest Company (CIC) established by the Council. The Clerk confirmed that the budget setting process is underway, with a draft prepared and due to be reviewed by the Finance Committee in November, before being submitted to Council for the first time later in the month. Subsequent Council meetings in December and January will review and amend the budget, with the final approval and precept decision made in January 2022.

At the interim audit date, the council held circa £779,000 in earmarked reserves. These are recorded as a different project areas and include ring-fenced amounts of s.106 (circa £266,000) and CIL (circa £204,000). A review of the other project areas indicate they are all suitable uses of earmarked reserves.

I reviewed the RBS information and minutes of meetings, and these demonstrates regular reporting of performance against budget. The Council is kept informed of the position and makes decisions based on the detailed information available.

Council is reminded that general guidance recommends a level of general reserve be maintained at circa six months equivalent of precept and this will be reviewed at the year-end audit.

Final Audit

The council's year-end position reports income at 186.7% of budget, largely due to an unbudgeted s.106 receipt of £300,000. Expenditure is reported as 106.0% of budget and it is clear that the council has monitored its income and expenditure closely during the year.

At year-end, the council held circa £803,000 in an earmarked reserves spread across a variety of projects, including ring-fenced amounts for CIL and s.106, which are clearly annotated.

In addition, the council held circa £204,000 in the general reserve at the year-end. General guidance recommends an appropriate level of general reserve as circa six months equivalent of precept, adjusted for local conditions. The level of general reserve held by the council equates to circa 58% of precept and is at an acceptable level.

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 (INTERIM AND FINAL AUDIT)**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

Interim audit

The precept accounts for approximately 97% of the budgeted income of the council, with other budgeted income from investments, rental income, leases, Community Toilet Scheme, sponsorship, grass cutting contribution and allotment fees. The council has also received s.106 income of £300,000 and miscellaneous income of £17,169 during the year.

A review of the RBS information provided for interim audit shows transactions are assigned to the correct nominal account codes, with sufficient narrative to identify the source of funds.

Final Audit

From a review of the RBS detailed information, it is clear that sufficient transactional detail continues to be provided for accounting entries and income appears to be assigned to appropriate nominal codes.

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 (INTERIM AUDIT)

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

Interim audit

The council holds a small petty cash float of £200 used for incidental expenses. This is maintained and reconciled through a cashbook on the RBS accounting system. Due to the remote nature of the interim audit, I was unable to physically reconcile the balance, but based on previous audits I am content that petty cash is properly managed.

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” has been met.

G. PAYROLL (INTERIM AND FINAL AUDIT)

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

Interim audit

The council uses an external company to provide payroll services. The external provider completes all the PAYE and NI calculations and provides the information to the council to make the salary, HMRC and pension payments. A review of the accounting records shows that HMRC payments are up to date.

All employees have a signed contract of employment, and the council is registered with the NEST pension scheme. There is a councillor allowance scheme in place, with payments made in March and September each year through payroll.

Final Audit

The amount entered in box 4 on the AGAR correctly reflects only allowable staff costs. I noted that the previous year's box 4 and 6 figures have been restated to reflect the change of status of the cleaner from an employee to an appointed contractor, and the Clerk has provided an explanatory note to the external auditor for this restatement.

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 (INTERIM AND FINAL AUDIT)**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

Interim audit

The council has a fixed asset register in place. This is detailed in nature, and includes information on asset description, identification, location, date of acquisition, original cost, useful life estimate, usage, current condition and insurance value. The register has been updated during the year with changes and will be checked against the AGAR total at the year-end audit.

Final Audit

The asset register has been updated with acquisitions and disposals during the year. The total was checked and found to match that entered on the AGAR for 2020-21.

Loan interest and capital repayments were agreed to PWLB debt management letters and the outstanding balance was verified to the PWLB year-end balance.

Section conclusion

I am of the opinion that the control objective of "Asset and investments registers were complete and accurate and properly maintained" has been met.

I. BANK AND CASH (INTERIM AND FINAL AUDIT)**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

Interim audit

Bank reconciliations are reviewed and presented to Council, and I was able to evidence this from the minutes of meetings. I reviewed the reconciliations presented for the interim audit and was able to confirm the balances to the bank statements and found no errors.

Final Audit

At the year-end audit date, the council had a reconciled bank position across all its accounts. There were two outstanding payments as of 31 March 2022 totalling £101.46 on cashbook 1, but these are inconsequential to the council's overall financial position.

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 (FINAL AUDIT)**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

Final Audit

Section 1 – Annual Governance Statement

	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>	YES – income and expenditure accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk is experienced and 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>	YES – the requirements and timescales for 2020/21 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>	YES – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	YES – the council has appointed an independent and competent internal auditor.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	NO – explanatory note provided by the Clerk in reference to previous years public rights period as noted by external auditor.
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	<i>has met all of its responsibilities where, as a body corporate, it is a sole</i>	N/A – the council has no trusts.

	responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>managing trustee of a local trust or trusts.</i>	
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Section 2 – Accounting Statements

At the time of the year-end audit, the AGAR figures presented for checking were as below:

AGAR Box Number		2020/21	2021/22	Auditor Notes
1	Balances brought forward	564,957	708,266	Correctly carried over from box 7 2020/21
2	Precept or rates and levies	349,877	354,402	Confirmed against precept amount received
3	Total other receipts	232,875	326,718	Confirmed against accounting records
4	Staff costs	112,271	117,500	Confirmed against accounting records
5	Loan interest/capital repayments	5,573	5,573	Verified against PWLB statement
6	All other payments	321,599	259,359	Confirmed against accounting records
7	Balances carried forward	708,266	1,006,954	Total correctly equals (1+2+3) – (4+5+6)
8	Total value of cash and short-term investments	766,712	1,028,930	Confirmed against accounting records and account balances
9	Total fixed assets plus long-term investments and assets	985,122	1,026,884	Verified against PWLB statement
10	Total borrowings	21,888	19,717	Verified against PWLB statement
11	Disclosure note re Trust Funds (including charitable)	YES	NO	Not applicable - Council has no trusts

The year-end accounts have been correctly prepared on the income and expenditure basis with the box 7 & 8 reconciliation accurately completed.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the previous year's AGAR.

The explanation of variances has been completed with sufficient detail and explanations provided for variances in excess of 15% for boxes 3 and 6. An explanation of total reserves will also need to be provided as they exceed double the precept.

The Clerk has prepared the supporting documentation in accordance with the request from the external auditor, and I am of the opinion the AGAR is ready for review and signing by council prior to submission to the external auditor.

Section conclusion

I am of the opinion that the control assertion "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 (FINAL AUDIT)**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

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*” is not applicable due to the council not declaring itself exempt from a limited assurance review in 2020/21.

L: TRANSPARENCY (INTERIM 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

Interim audit

The council has an annual turnover exceeding £25,000, and this test does not apply.

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*” is not applicable due to the council turnover exceeding £25,000.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)**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

Final Audit

Inspection – key dates	2020/21 Actual	2021/22 Proposed
Accounts approved at Full Council	26 April 2022	25 April 2022
Date inspection notice issued	11 June 2021	10 June 2022
Inspection period begins	14 June 2021	13 June 2022
Inspection period ends	23 July 2021	22 July 2022
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 2020/21, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council. I have confirmed that the proposed timescales for 2021/22 are within the requirements of this control objective.

Section conclusion

I am of the opinion that the control assertion “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” has been met.

N: PUBLICATION REQUIREMENTS (INTERIM AUDIT)**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.

Interim audit

I was able to confirm that the publication requirements for 2020/21 have been met and the Notice of Public Rights is published on the council website.

Section conclusion

I am of the opinion that the control assertion of “the authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage” has been met.

O. TRUSTEESHIP (INTERIM AUDIT)**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

Interim audit

The council has no trusts.

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



Andy Beams

For Mulberry & Co

Interim Audit - Points Forward

Audit Point	Interim Audit Findings	Final Audit Comments
RISK MANAGEMENT AND INSURANCE	I recommend council reviews the Fidelity Guarantee level to ensure it covers the maximum balances held during the year.	I noted at the final audit that the council has increased the Fidelity Guarantee as recommended

Final Audit - Points Forward

Audit Point	Final Audit Findings	Council Comments
None		