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Our Ref: MARK/ALT001

The Town Clerk
9 Spencers Road
Horsham
West Sussex
RH12 2JQ

10th July 2023

Dear Beccy,

Re: Nuthurst Parish Council
Interim Internal Audit Year Ended 31 March 2024

Executive summary

Following completion of our interim internal audit on 10th July 2023 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of this is available on request. The report concludes with an opinion as to whether each assertion has been met or not at the interim audit. Where appropriate **recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

The interim audit was conducted remotely with the clerk in attendance. Other information was reviewed on the council website and through discussion with the clerk.

It is clear the council has undergone a period of change in recent months and the new Cilca qualified clerk is getting to grips with the new systems of that of the council. However, it is clear that there was a period of time after the previous clerk left during which **adherence to the financial regulations was lacking.**

Our sample testing has showed the **absence of key controls and a disregard of proper council procedure.** Unfortunately, our report will show that the council has **missed key statutory filing deadlines** and as such the 2023/24 AGAR will be qualified on this basis and our interim and year end reports will in due course have to be sent to the external auditor for comment.

It is therefore our opinion that the systems and internal procedures at Nuthurst Parish Council are in urgent need of internal review to ensure future compliance with regulations.

As noted above the council has now employed a Cilca qualified clerk who is working hard to bring matters up to date.

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 Mark Mulberry 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 20 years specialising in local government finance and internal audit.

Engagement Letter

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

Planning and inherent risk assessment

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

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

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 council continues to use the Rialtus 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 transactions and produce management information reports for review by council and committees.

The parish clerk/RFO is the only user and has undergone training on the system.

There is a dual log on process for access, firstly to the council system, then the cloud based version of Rialtus. The council augments the Rialtus suite with Microsoft 365 products.

The system backs up regularly which is monitored by an external IT provider. **I would recommend that the back up is tested verified for council peace of mind.**

I reviewed the cashbook on screen and performed a walk through test on “outstanding supplier invoices” and “paid supplier invoices” drawn at random. I was able to locate the supplier invoices walking through from the cash book to the supplier invoice and from the supplier invoice back to the cashbook. There were no errors. This test indicates the referencing system is robust and fit for purpose and the system can be relied upon.

The system is populated with sufficient narrative, such that a casual reader can garner an understating of the nature and scope of the transaction.

I am of the opinion that the council keeps appropriate records and uses the systems for the purpose for which they are intended.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

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

Audit findings

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

The external auditor’s report for 2022/23 has not been returned yet.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign “Acceptance of Office” forms. The District Council website has details of the Disclosable Pecuniary Interests of each Member.

The councillors should sign a formal acceptance to receive information by electronic means. I have provided some sample wording below for council consideration.

“As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time.”

Confirm that the council is compliant with GDPR

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

The Joint Panel on Accountability and Governance (JPAG) Practitioner’s Guide (March 2023) contains updated guidance on the

matter as below:

The importance of secure email systems and GOV.UK

- 5.205. All authorities except parish meetings must now have an official website. To comply with GDPR, councils should provide official email accounts for their councillors as well as for their clerk and other officers.
- 5.206. When choosing a domain name for the council's website and emails, many local council websites are appropriately making use of the official GOV.UK domain (for example, ourparishcouncil.gov.uk), with email addresses being linked to that domain.
- 5.207. Using a GOV.UK domain for your council website and email accounts demonstrates the council's official local government status. Members of the public are increasingly cyber security awareness, so a GOV.UK domain can also help to build trust, and credibility and visibly demonstrates authenticity. Many people will now reasonably expect a local council to have a GOV.UK domain name.
- 5.208. For the purposes of user management, councils should ensure that the proper officer can add and remove member and staff email accounts. Commercial 'dashboard' email and web systems offer centralised searching of all data contained within the system for effective compliance with GDPR Subject Access Requests and Freedom of Information Requests.

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 an established committee structure, with committees. There are Terms of Reference in place and a detailed Scheme of Delegation for the Clerk. There are regular scheduled meetings, with details of older meeting agendas and minutes published on the website, along with a diary of upcoming meeting dates.

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. It was noted that 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 current NALC model and are dated June 2023. The last set adopted in May 2022 Minute ref 018-22/23

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

Financial regulations are based on the current NALC model and were last reviewed and adopted by council in May 2022 (minute ref 019-22/23). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

The council has modified the NALC model to better reflect the size and structure of the council's financial operations, and the changes allow the council to operate in an effective and efficient manner, without excessive need for obtaining council approval for routine payments already approved in the budget.

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:

FE 4.1 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the council for all items over £500.00.
- the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.00.

Such authority is to be evidenced by a Minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

FR 4.5. In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which in the clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £2,000.00. The expenditure must be approved by three signatories, the Chairman of the Parish Council, the Vice Chairman of the Parish Council, the Chairman of the Finance Committee and or the Clerk. The Clerk shall report such action to the Chairman as soon as possible and to the Council as soon as practicable thereafter. The expenditure will be reported at the next Full Parish Council meeting.

FR 6.5 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

FR 6.9. If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorized bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.

FR 6.10. If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.

FR 11.1.(H) When it is to enter into a contract of less than £25,000.00 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk as RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000.00 and above £100.00 the Clerk as RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.

I reviewed the bank statements and purchase invoices for April and May 2023 and selected a sample of cheques, bacs and direct debits. I have noted the exception items below.

1	26/04/2023	£200	Cheque 2245	<p>Payment noted in cashbook as ex gratia payment to previous clerk. The stub has been initialled twice as confirmation, the amount is correct and agrees to paperwork.</p> <p>We could find no evidence of supporting paperwork or payroll calculations.</p> <p>A payment to staff in this respect MUST be processed via the payroll and the tax and national insurance collected. This is not a valid ex gratia payment.</p> <p>Financia regulation 6.5 has not been followed.</p>
2	10/05/2023	£476.99	Bacs	<p>There is no evidence of 3 quotations be obtained for this contract in accordance with FR 11.1.h</p> <p>The payment was made – via online banking by the chair using the councils on-line banking. It is noted this is not a dual access system whereby the originator of a transaction cannot authorise the same transaction.</p> <p>There was little or no evidence of signature approval for the payment in accordance with FR 6.9 and 6.10</p>
3.	12/04/2023	£37.80	Cheque 2248	Cheque stubs not initialled in accordance with FR 6.5

4.	19/04/2023	£800.00	Cheque 2246	Cheque stubs not initialled in accordance with FR 6.5 Minute ref 187-22/23 Council approved purchase subject to prior approval and sight of quotes by all councillors We could find no evidence of quotes being obtained – this is not in accordance with FR 11.1(H)
5.	04/04/2023	£134.39	Cheque 2247	Cheque stubs not initialled in accordance with FR 6.5 These represent Net expenses. Underlying this is the sale of a council asset (google phone) as a “part exchange” It is not clear if the receipt for the council asset was a refund of cash or an offset – the paperwork indicates it was a cash refund. The new asset is currently not on the asset register and the clerk does not have possession of this item as a the council phone. Of note, the council phone is a different older model and not the one purchased and claimed for on these expenses.
6.	13/04/2023	£13.22	Monthly DD	Mobile phone contract invoice not in name of council council – it is in the name of connected 3 rd Party. This should be in the name of the council.

The clerk advised me that a debit card was applied and issued in the name of a councillor, this is in contravention of Financial Regulation 6.18. The card has since been returned to the clerk. This card **MUST** be cancelled.

It is clear that a number of financial regulations have not been followed and some items are clearly not legal payments.

The clerk was able to demonstrate the use of payment approval slips and assured me that financial regulations are now being followed and that the items listed above are exceptions; **however, I remain concerned that councillors have had access to the council’s payments systems with little or no evidence in the way of review and control.**

I strongly recommend a review of the financial regulations and the ordering/payment system with a view to strengthening this process, so that there can be no doubt council has properly ordered, approved and paid for items.

I will be substantively testing this area in my next visit and if I am unable to prove adherence to financial regulations with regard to ordering, approving and settling invoices for payment, I will qualify my audit report and report this to the external auditor.

I strongly recommend council review all the payments made in April, May and June of this year and satisfy themselves beyond reasonable doubt that they are bonafide expense items.

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

The council does not have the power of genal competence. Expenditure is currently below thresholds.

Check receipt of VAT refund matches last submitted VAT return.

The last VAT s.16 reclaim was for the period to 31st March 2023 which shows a refund of £1,142.18 The council is up to date with its returns.

I tested the VAT reports and using the audit trail was able to walk back to the underlying supplier invoices, there were no errors.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Audit findings

The council has a comprehensive risk management process in place. I noted the last assessments were dated December 2022 and are unsigned. I remind council to ensure these are updated annually.

I confirmed that the council has a valid insurance policy in place with Hiscox.

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

To be tested at a later interim visit

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

To be tested at a later interim visit

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 does not have any 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 council payroll is outsourced to a third party provider. **The provider has informed the council it is in breach of pension regulations** and that although deductions are made from the payroll – these appear not to be able to be passed over the pension scheme.

The council has a legal obligation to ensure a pension scheme is provided to all eligible employees and there is little or no evidence of this.

H. ASSETS AND INVESTMENTS

Internal audit requirement

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

Audit findings

To be tested at a later interim visit.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

Financial regulation 2.2 states 'On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman, or a cheque signatory shall, be appointed to verify bank reconciliations for all accounts produced by the RFO. The member shall sign the reconciliations and the original bank statements, or similar document, as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council Finance Committee.'

No bank reconciliations have been completed in the 2023/24 council year yet.

Due to the council's budget not exceeding €500,000, it does benefit from the protection form the Financial Services Compensation Scheme (FSCS).

J. YEAR END ACCOUNTS

Internal audit requirement

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

Audit findings

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 are transactions clearly not in accordance with regulations.
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>	NO – the requirements and timescales for 2022/23 year-end were not followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	YES – the council has appointed an independent and competent internal auditor has completed two audits 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>	YES – where matters are raised, action taken by council is recorded
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		2021/22	2022/23	Auditor notes
1	Balances brought forward	77,289	97,101	Agrees to 2021/22 carry forward (box 7)
2	Precept or rates and levies	49,842	52,498	Figure confirmed to central records
3	Total other receipts	11,581	49,695	Agrees to underlying records
4	Staff costs	22,052	22,935	Agrees to underlying records
5	Loan interest/capital repayments	0	0	Confirmed to PWLB records
6	All other payments	19,559	16,414	Agrees to underlying records
7	Balances carried forward	97,101	159,945	Cast correctly and agrees to balance sheet

8	Total value of cash and short-term investments	97,101	159,945	Agrees to bank reconciliation
9	Total fixed assets plus long-term investments and assets	79,348	103,015	Matches asset register
10	Total borrowings	0	0	Confirmed to PWLB records

For Local Councils Only	Yes	No	N/A		
11a	Disclosure note re Trust Funds (including charitable)		✓		<i>The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.</i>
11b	Disclosure note re Trust Funds (including charitable)			✓	<i>The figures in the accounting statements above do not include any Trust transactions.</i>

The year-end accounts have been correctly prepared on an receipts and payments basis.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2020/21 AGAR. Figures have been verified against underlying accounting records where appropriate.

The variance analysis has been correctly completed with sufficient detail to explain the changes over 15% compared to the previous year's totals.

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")

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

The council does not have income and expenditure in excess of £200,000 and as such is not required to follow the “Local Government Transparency Code 2015” which is recommend practice not a statutory requirement.

Code requires local authorities in England to publish the following information quarterly:

Expenditure exceeding £500	On the website
Government Procurement Card transactions	On the website
Procurement information	On the website

Additionally, local authorities are required to publish the following information annually:

Local Authority Land	On the website
Social Housing Assets	This is not explicitly shown on the website
Grants to voluntary, community and social enterprise organisations	On the website
Organisational Chart	This is not explicitly shown on the website
Trade union facility time	The council does not have this
Parking account	The council does not have this
Parking spaces	The council does not have this
Senior salaries	This is not explicitly shown on the website
Constitution	This is not explicitly shown on the website
Pay multiple	This is not explicitly shown on the website
Fraud	This is not explicitly shown on the website

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority’s website)

- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (b) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

I was able to confirm that pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor’s Report and Certificate) of the AGAR are available for review on the council website for the last five years.

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

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

Audit findings

Inspection – key dates	2022/23 Actual
Date AGAR signed by council	TBC
Date inspection notice issued	18 th June
Inspection period begins	19 th June
Inspection period ends	28 th July
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

The council as at 10th July has not signed or published the 2022/23 AGAR. The council is reminded it has a statutory duty to comply with deadlines.

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 2021/22, approved and signed, page 4*
- *Section 2 - Accounting Statements 2021/22, 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

The council has not published the 2022/23 AGAR or notice of rights within the statutory timescales. This will result in a qualification note by the external auditor. This also means the annual governance statement question 4 must also be answered "No"

O. TRUSTEESHIP**Internal audit requirement**

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

Audit findings

The council has no trusts, and this test does not apply.

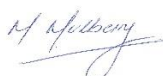
Achievement of control assertions at interim audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives are summarised in the table below. A further review and update of this opinion will be conducted at the final audit.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for		✓	
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			✓
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for			✓
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.			✓
H	Asset and investments registers were complete and accurate and properly maintained.			✓
I	Periodic bank account reconciliations were properly carried out during the year.		✓	
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K	If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")</i>			✓
L	The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M	The authority, during the previous year (2022-23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .		✓	
N	The authority has complied with the publication requirements for 2022/23 AGAR.		✓	
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

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

Yours sincerely



Mark Mulberry
For Mulberry & Co

Interim Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
Books of Account – system back up	I would recommend that the back up is tested verified for council peace of mind.	
Governance	<p>The councillors should sign a formal acceptance to receive information by electronic means. I have provided some sample wording below for council consideration.</p> <p><i>“As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time.”</i></p>	
Financial Regulations	<p>The clerk was able to demonstrate the use of payment approval slips and assured me that financial regulations are now being followed and that the items listed above are exceptions; however, I remain concerned that councillors have had access to the council’s payments systems with little or no evidence in the way of review and control.</p> <p>I strongly recommend a review of the financial regulations and the ordering/payment system with a view to strengthening this process, so that there can be no doubt council has properly ordered, approved and paid for items.</p> <p>I will be substantively testing this area in my next visit and if I am unable to prove adherence to financial regulations with regard to ordering, approving and settling invoices for payment, I will qualify my audit report and report this to the external auditor.</p> <p>I strongly recommend council review all the payments made in April, May and June of this year and satisfy themselves beyond reasonable doubt that they are bonafide expense items.</p>	
Payroll	The council payroll is outsourced to a third party provider. The provider has informed the council it is in breach of pension regulations and that although deductions are made from the payroll – these appear not to be able to be passed over the pension scheme.	
Bank & Cash	I recommend council bring reconciliations up to date as soon as possible.	