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Our Ref: MARK/HEA002

Mrs H Johnson
Heathfield & Waldron Parish Council
73 High Street
Heathfield
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TN21 8HU

3 May 2022

Dear Helen

Re: Heathfield & Waldron Parish Council
Internal Audit Year Ended 31 March 2022

Executive summary

Following completion of our interim internal audit on 11 October 2021 and final audit on 3 May 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 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 Heathfield & Waldron Parish Council are well established and followed.

Regulation

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

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

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

Independence and competence

Your audit was conducted by 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.

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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) 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 for recording information and producing reports for presentation to council and committees.

The interim audit was conducted remotely, and the RFO forwarded all the requested information in advance of the scheduled call to discuss the findings. Information was well organised and easy to follow. Other information was reviewed on the council website.

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 council is not VAT registered and completes reclaims via a VAT 126 claim form. The VAT reclaim submitted for review at the interim audit was for the period 1 April to 30 June 2021 inclusive and showed a refund position of £6,604.54. I confirmed this amount was received to the council's bank account on 19 August 2021. 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 Notice of Conclusion for the external auditor was published on the council website on 27 September 2021. I noted that the reporting of this had been on the agenda for the council meeting on 7 September but was deferred due to non-receipt. It will now be reported to the next council meeting in November.

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 councillors, along with photographs, contact information and the Register of Interests for each Member.

Confirm that the council is compliant with the relevant transparency code

The council's income and expenditure exceeds £200,000 and the council should therefore be following the requirements of the Local Government Transparency Code. The council has a transparency page on the website, and the information is included within this.

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 committees Community & Business Development, Finance & General Purposes, Leisure Amenities & Burials and Planning & Highways. Terms of reference for each committee are available on the council website and these were re-adopted at the Annual Council Meeting in May 2021. There is a calendar of events, including council and committee meetings, available 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. 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 latest NALC model and were most recently adopted in May 2021 (minute ref 21/71 (c)).

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

Financial regulations are based on the latest NALC model and were most recently adopted in May 2021 (minute ref 21/71 (c)). 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.

Financial Regulation 4.1 sets out authority to spend for the council. The council has adopted the regulation to state 'Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget under the delegated authority given to each committee'.

It was noted that the Clerk also has discretion to spend up to £3,000 in the event of extreme risk to the delivery of council services.

A fuller check of authorisation levels for expenditure items will be carried out on site at the year-end audit.

There is evidence within council minutes of payment approval being sought, and bank reconciliations and credit card statements being approved.

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 threshold does not apply.

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

The final audit was conducted on site with the RFO. The requested information for review was available and other information was reviewed on the council website and through discussion with the RFO.

I confirmed that the External Auditor's report was received and noted by council at the November 2021 meeting.

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 Risk Management Policy (dated January 2021) and risk assessment process in place, and a copy of the risk list for the Finance & General Purposes Committee was reviewed at the interim audit. This was updated as of September 2021, and showed a list of identified risks, the factors to consider, actions taken to mitigate the risk, early warning signs to be aware of and an assessment of the impact and probability of occurrence. This depth of information is suitable for a council of this size.

I confirmed that the council has a valid insurance policy in place with Zurich in a long-term agreement expiring on 1 April 2026. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £1,000,000. These levels appear appropriate for a council of this size. Listed assets in the insurance schedule appear consistent with the council's asset register.

Final Audit

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 RFO 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 Clerk confirmed that the budget setting process for 2022/23 was underway, with a draft budget due to be discussed at the Finance Committee meeting in December and then the final version approved by council in January 2022.

An Excel spreadsheet is completed to show budgetary control, and this was reviewed at the interim audit for the period to the end of August 2021. It shows individual nominal code lines are carefully monitored and includes details of grant and CIL spending. While this provides all the necessary information, I note that the same detail is available via the RBS accounting system, and there may be some time saving in using this format rather than duplicating the information into Excel?

At the start of the year, the council held circa £374,000 in total in earmarked reserves. The information provided for review at interim audit showed the creation of two new earmarked reserves for 2021-22, and funds being taken out of some EMR's for use. At the interim audit date, the total EMR balance was circa £350,000 and all EMR's are clearly annotated and appear to be for ongoing projects.

Council is reminded that general guidance recommends a level of general reserve should be maintained at circa 50% of precept, or 3-6 months net revenue expenditure (NRE), as adjusted for local conditions. This will be reviewed at the year-end audit.

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 (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

Final Audit

I reviewed the RBS accounting records and was able to verify that income received appeared to be processed to the correct nominal codes.

Apart from the precept, the council’s main income sources are from the burial grounds, allotments and community centre. Fees and charges are reviewed annually by the council, and this is evidenced in the minutes.

I was able to verify the precept amount as correct to that entered into box 2 of the AGAR.

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 maintains a £200 petty cash float. It is used for small incidental expenditure and records are kept on an Excel spreadsheet, with evidence of the balance being regularly checked. For the period from 1 April to 9 September, there had been fifteen entries totalling £42.45, all of which appear to be legitimate uses of petty cash. The amount of the petty cash holding is immaterial to the council's overall financial position.

As the interim audit was conducted remotely, I was unable to physically check the petty cash balance, but based on previous audits and my other findings, I have no doubt petty cash is being 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

Payroll is processed externally by a third party, with payments being made by the council based on the calculations by the external company. There are six people on the payroll, and all have a signed contract of employment based on the NALC model. Where eligible, staff are enrolled in the East Sussex County Council Local Government Pension Scheme (LGPS). There are councillor allowances paid through payroll every six months.

I reviewed the payslips and P32 records for months 5 and 6 and confirmed that PAYE and NI deductions are at the correct rates. The RBS records show that the Wages Control Account (nominal code 520), PAYE (521) and Pension Liability (522) all held nil balance at the interim audit date, demonstrating that payroll processes are up to date.

Final audit

I was able to confirm that the amount entered in box 4 on the AGAR correctly reflects only allowable staff costs, i.e., salaries, employers National Insurance and pensions contributions. All staff members on the NJC scale have received the backdated pay rises in their March salaries.

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. The register assigns each asset a reference number and includes details of the location of the asset, its value and source of valuation, a grid reference and whether the asset is freehold or leasehold. The valuation sources are primarily original purchase or proxy, although I noted some items listed at insurance values or as gifted to the council. I reminded the RFO that all items must be recorded at cost or proxy cost, or if gifted to the council, the amount must be recorded as £1. I will review the updated register at the year-end audit to check for any changes.

Final audit

I was able to trace the changes in figure from last year to the additions and disposals listed on the register and confirmed the asset total entered on the AGAR to the final total for 2021/22.

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 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 signed off at meetings and I was able to evidence this in the council minutes.

I reviewed the reconciliations and bank statements provided for interim audit for June, July and August and was able to confirm the balances from the bank statements for the same period. There were no errors identified.

Final Audit

At the year-end the council had a reconciled bank position across all its accounts, and I was able to confirm bank balances to the statements for 31 March 2022. Due to the size of the council’s budget, it does not benefit from the protection offered by the Financial Services Compensation Scheme (FSCS).

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

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>	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>	YES – the council takes action on recommendations within internal audit reports
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>	YES – the council has met its responsibilities as a trustee

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	630,437	655,737	Correctly carried over from box 7 2020/21
2	Precept or rates and levies	410,000	415,500	Confirmed against precept amount received
3	Total other receipts	41,878	134,099	Confirmed against accounting records
4	Staff costs	147,859	152,061	Confirmed against accounting records
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	278,719	378,637	Confirmed against accounting records
7	Balances carried forward	655,737	674,638	Total correctly equals (1+2+3) – (4+5+6)
8	Total value of cash and short-term investments	678,428	649,716	Confirmed against accounting records and account balances
9	Total fixed assets plus long-term investments and assets	3,223,658	3,262,389	Verified against asset register
10	Total borrowings	0	0	Council has no borrowing
11	Disclosure note re Trust Funds (including charitable)	YES √	NO	Council has met its responsibilities as a trustee

The year-end accounts have been correctly prepared on the income and expenditure basis with the box 7 & 8 reconciliation showing total debtors of £24,922 comprising debtors £2,141 and VAT control account £22,781. There were no outstanding creditors at the year-end.

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 to explain the variances where required, and in my opinion, this provides enough information for 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 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 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
Date inspection notice issued	7 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. The council plans to sign the AGAR at the council meeting to be held on 10 May 2022.

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 2020/21 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 Parish Council are the sole trustees of the Waldron Recreation Ground (charity number 305321). A review of the charity commission website shows that all reporting is up to date, although it was noted that the Annual Return for 31 March 2020 was submitted 9 days late. No accounts are required to be submitted as the income and expenditure are below the threshold.

Section conclusion

I am of the opinion that the control assertion of "Trust funds (including charitable) – The council met its responsibilities as a trustee" has been met.

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