



Mrs J Russell  
Capel Parish Council  
55a The Street  
Capel  
Surrey  
RH5 5LD

18<sup>th</sup> November 2024

Dear Jan

**Re: Capel Parish Council**  
**Internal Audit Year Ended 31 March 2025 – Interim Audit report**

**Executive summary**

Following completion of our interim internal audit on 18<sup>th</sup> November 2024 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published Annual Governance and Accountability Return (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 which is available on request. The report concludes with an opinion as to whether each assertion has been met or not at this point in the year. Some assertions are tested only at the final internal audit, and this is reflected where appropriate in the report. **Recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, 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 seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and indeed are a model of good practice.

It is therefore our opinion that the systems and internal procedures at Capel 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 Mark Mulberry of Mulberry Local Authority Services Ltd, who has over 30 years' experience in the financial sector with the last 14 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

**Engagement Letter**

An engagement letter was previously issued to the council covering the 2024/25 internal audit assignment. Copies of this document are available on request.

**Planning and inherent risk assessment**

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

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

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## A. BOOKS OF ACCOUNT

### **Internal audit requirement**

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

### **Audit findings**

The interim audit was conducted on site with the Clerk who also acts as the RFO. Other information was reviewed through discussion and a review of the council website [www.capel-pc.gov.uk](http://www.capel-pc.gov.uk)

The council continues to use the receipts and payments book for recording the day-to-day financial transactions of the council. The council also uses Excel and Word for producing budget reports and other reports for council. The minimal number of transactions lends itself to this style of recording.

The PC is currently backed up to a cloud drive.

The financial records are stored in lever arch files. I reviewed the cashbook and performed a walk-through test on all the cashbook payments for April & May 2024. I was able to locate the supplier invoices in the files by the month in which they were paid.

The council has circa three or four receipts per month and circa 12-15 payments. The cashbook is populated with sufficient narrative, such that a casual reader can garner an understating of the nature and scope of the transaction, and the underlying documentation was easy to locate. For a council of this size, I make no recommendation to change.

The bank is reconciled monthly by the Clerk. The bank reconciliations, and other financial reports are produced for council to review.

I tested opening balances as at 1/4/24 showing £70,909.19 and confirmed they could be agreed back to the audited accounts for 2023/24.

The council is not VAT registered; the last VAT reclaim was for £3,541.66, and was received on the 15<sup>th</sup> of October 2024.

Overall, I have the impression that the accounting systems whilst basic are well ordered and routinely maintained and as such I make no recommendation to change. 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 was qualified on the basis the annual governance assertions 1,3 & 5 had been incorrectly signed as "yes".

The notice of conclusion and signed AGAR were tabled for review and acceptance by Full Council on the 21<sup>st</sup> of October, agenda item 17. However, the minutes do not show discussion of the same. I reviewed this with the clerk and told this was an oversight, and the item was discussed. The minutes will be updated with council approval after the 18<sup>th</sup> of November meeting.

#### *Confirm by sample testing that councillors sign statutory office forms*

I have confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website provides a link to details of the individual councillor's Register of Members' Interests forms which are held on the district website. An acceptance to receive information by electronic means has also been signed.

#### *Confirm that the council is compliant with GDPR*

The council is fully aware of GDPR. It was noted the council does have established common .gov email addresses for all councillors. The .gov address 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*

- 5.210. All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name. Note that Parish meetings are exempt from the requirement to have a website.
- 5.211. To assist with compliance with the General Data Protection Regulations (GDPR), it is advised that clerks provide official .gov.uk email accounts to their councillors, which must only be used for official council business.
- 5.212. When choosing a domain name all councils must follow the rules set out by the Cabinet Office to choose a .gov.uk domain name, for example, 'ourparishcouncil.gov.uk' with email addresses linked to that domain.
- 5.213. Using a .gov.uk domain for your council website and email accounts gives Parish Councils the following advantages:
- 5.214. Increased professionalism and trust from members of your community, partners and suppliers because your email address and website domains are a trusted government brand.
- 5.215. Separation of your personal life from your professional life, ensuring members of your community, partners and suppliers understand what capacity you are emailing them in - whether a Councillor or Clerk.
- 5.216. Increased control for the Responsible Officer over email accounts and documentation when managing new joiners, leavers, sudden absences or Freedom of Information and Subject Access Requests.
- 5.217. Peace of mind that your .gov.uk Parish Council domain will never be sold to someone else if it is not renewed on time, which can happen with .co.uk, .org.uk and other commercial domains.
- 5.218. Additional security measures, as all .gov.uk domains are checked for any cyber vulnerabilities by the Cabinet Office and reported to the Responsible Owner, or your technical point of contact, so they can be fixed.
- 5.219. You can read more about the benefits of getting a .gov.uk domain on the GOV.UK website.

The council has a Privacy Notice and Accessibility Statement on its website, and it is clear the council has made every effort to comply with the website requirements.

*Confirm that the council meets regularly throughout the year*

In addition to full council the council has a Finance and a Planning committee. The website has published terms of reference for Full Council dated 11/12/2023. The terms of reference for the committees were taken to council in December 2023 minute ref 10.

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

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

The ICO has issued guidance stating that "any background documents which are referred to in the agenda or minutes or were circulated in preparation for the meeting. These are considered part of the agenda." The Freedom of Information Act 2000 (FOIA).

**I remind council of its legal requirement to make available background papers to the agenda, as outlined by the Information Commissioner's Office. This includes website copies. (Page 3 of this link) [ico.org.uk/minutesandagendas.pdf](https://ico.org.uk/minutesandagendas.pdf)**

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

Minutes are uploaded to the council website. **I remind council that it is good practice to ensure all hard copy minute pages are signed or initialled, not just the final page.**

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

The Standing Orders are based on the 2018 NALC model and are dated 2022 and were last reviewed by council by full council on the 11/12/2023 minute ref 10.

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

Financial Regulations are based on the new NALC model these will be added to the December meeting agenda for adoption by council. The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council. The previous financial regulations were last reviewed and adopted by full council on the 11/12/23 minute ref 10.

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

The current thresholds in place at which authorisations to spend must be obtained as below:

*FR 5.7 shows a £30k threshold for contracts. 5.15 The ordering approval threshold for ad hoc purchases. The Clerk has delegated authority to authorise orders up to £100, the clerk together with the chair up to £1,000, and full council over £1,000.*

Based on the level of financial activity of the council, and through discussion with the Clerk the authorisation thresholds appear appropriate for a council of this size.

I reviewed the Cashbook to select invoices over £100 to test the approval process (noted below). From the minutes it was evident that council is fully informed and is provided with regular opportunity to question all income and expenses that have been made since the last meeting. In addition to this, the council has a dual authorisation system on the bank. I am under no doubt councillors are aware of all expenses incurred by the council.

- 21.5.24 Printer Land Toners £268.97. Invoice noted, payment approval noted, physical payment noted.
- 21.5.24 Waterscapes Pond maintenance £330.00. Invoice noted, payment approval noted, physical payment noted.

**I discussed these two payments with the clerk as I could not locate any evidence that, in accordance with financial regulations, these items and been pre-approved for purchase prior to commencement or ordering. I am given to understand that all expenses are verbally announced in advance of an order being placed and that the clerk always seeks approval from council before an expense is incurred, and that this may not be reflected in the minutes or via an auditable audit trail. I recommend the process is reviewed such that it is easier to follow the regulation and see that council is preapproving expenditure.**

*Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £10.81 per elector*

The council has the General Power of Competence (GPC). Section 137 expenditure is within thresholds.

## 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 risk assessment policy in place. This contains risks broken down by category, the specific risk is identified, an assessment of the likelihood, and severity of the risk occurring and the control measures in place.

This type of approach is suitable for a council of this size and demonstrates that the council takes its risk management responsibilities seriously. This will be taken to council in December 2024.

Regular playground inspections are undertaken; by councillors and annually by a third party. Council is made aware of works required.

I confirmed that the council has a valid long term insurance policy in place with Zurich which expires in June 2026. The policy includes Public Liability of £10 million and Employers Liability cover of £10 million and a Fidelity Guarantee of £250,000 which is sufficient for a council of this size.

## D. BUDGET, PRECEPT AND RESERVES

### **Internal audit requirement**

*The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*

### **Audit findings**

The council approved the 2024/25 budget and precept on the 11<sup>th</sup> of December 2023, minute ref 11 (ii). The precept requirement was set at £112,600. This has been agreed to the Cashbook which includes the grants of £11,264.

The Clerk confirmed that the 2025/26 budget setting process underway with all deadlines achievable. The draft budget shows a % increase year on year with a predicted break-even position. The calculations and assumptions are fact based and clearly presented. This simple structure lends itself to a council of this size.

The council reports income and expenditure against budget in a simple tabular format. As at October 2024 there were a couple of over budget items; however, overall, the budget is not overspent and was reasonable for the seven-month period.

The minutes of the 4<sup>th</sup> of November Finance Committee indicate the council held c. £120,000 in earmarked reserves for a range of projects. These funds being held in the NatWest Reserve account. If this were the case, that all the NatWest Reserve account balances were earmarked then the council would have insufficient general reserves to settle the day to day expenses. I discussed this with the Clerk, and was told these were more of a wish list of future projects not actually ringfenced. This would make all funds general funds.

It is anticipated the general reserve will be circa £70k at the year end.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's guide states '*the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure*' (para 5.33).

The general reserve balance is within range.

## E. INCOME

### **Internal audit requirement**

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

### **Audit findings**

Apart from the precept, the council receives income from interest, grants, and VAT.

There is no indication that a VAT registration is required.

There is evidence of fees are charges being discussed at finance committee.

From a review of the accounting records, income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate nominal code.

## F. PETTY CASH

### **Internal audit requirement**

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

### **Audit findings**

The council has no petty cash.

## G. PAYROLL

### **Internal audit requirement**

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

### **Audit findings**

There is one employee with a signed contract of employment, based on the NALC template. The salary is aligned to the NJC scale point range .

The payroll is processed by a third-party provider. The employment allowance has been correctly disclaimed in the current year. The tax deductions at Month 7 were tested and found to be correct and correctly paid over.

It was noted in previous audits that the employment allowance was claimed in error and as such the council has since 2020/21 short paid national insurance. The council has paid a lump sum to cover the employer's national insurance shortfall for the 2023/24 council year and for the 2024/25 year pays the correct national insurance; however, I believe the earlier years of 2021,22, and 2023 are still short paid. **I recommend a review with the payroll provider and HMRC to ascertain the correct position.**

There are no councillor allowances.

## H. ASSETS AND INVESTMENTS

### **Internal audit requirement**

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

### **Audit findings**

The council has a simple fixed asset register in place with assets shown at historic or proxy cost. This type of approach is suitable for a council of this size. The register contains sufficient information to identify the asset, its location, historic or proxy cost, together with an estimated value.

The council has PWLB borrowing agreed to statements.

## **I. BANK AND CASH**

### ***Internal audit requirement***

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

### **Audit findings**

Bank reconciliations are completed on a monthly basis and are filed in hard copy, together with the bank statements. The reconciliations are independently checked, and signed off by a councillor.

I was able to confirm the balances on the bank reconciliation to the bank statements, and noted the reconciliations are signed off. The minutes of council note the bank balances. There are no exceptions to report. I am under no doubt that bank reconciliation is being properly carried out.

As the council's budget does not exceed €500,000, it benefits from protection from 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

The council, at its meeting to sign off the year-end accounts, must discuss Section 1 of the AGAR (Annual Governance Statement) and record this activity in the minutes of the meeting. **COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM PRIOR TO THE SIGNING OF SECTION 2 OF THE AGAR (ANNUAL ACCOUNTS).**

### Section 1 – Annual Governance Statement

Based on the internal audit finding I recommend using the table below as the basis for that discussion.

	<b>Annual Governance Statement</b>	<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>	<b>YES</b> – 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>	<b>YES</b> – 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>	<b>YES</b> – the Clerk 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>	<b>YES</b> – the requirements and timescales for 2023/24 year-end were met
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	<b>YES</b> – 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>	<b>YES</b> – 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>	<b>YES</b> – matters raised in internal and external audit reports have been addressed.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	<b>YES</b> – no matters were raised during the internal audit visits.

	authority and. Where appropriate, have included them in the accounting statements.		
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	N/A – the council has no obligations

## Section 2 – Accounting Statements

AGAR box number		2022/23	2023/24	Internal Auditor notes
1	Balances brought forward	53,881	39,488	Agrees to 2022/23 carry forward (box 7)
2	Precept or rates and levies	101,090	109,026	Figure confirmed to central precept record
3	Total other receipts	21,819	39,260	Agrees to underlying accounting records
4	Staff costs	37,191	38,543 -14 = 38,529	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	7,354	7,354	Confirmed to PWLB documents
6	All other payments	92,757	70,968 +14 = 70,982	Agrees to underlying accounting records
7	Balances carried forward	39,488	70,909	Casts correctly and agrees to balance sheet

8	Total value of cash and short-term investments	39,448	70,909	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long-term investments and assets	522,976	523,476	Matches asset register total and changes from previous year have been traced
10	Total borrowings	82,500	77,493	Confirmed to PWLB documents

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>

### Audit findings

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

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2022/23 and published on the council website.

The variance analysis has been properly completed showing both narrative and financial details, sufficient to understand the variance from one year to the next.

## K. LIMITED ASSURANCE REVIEW

### **Internal audit requirement**

*IF the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick “not covered”)*

### **Audit findings**

The council did not certify itself exempt in 2023/24 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 is required to follow the requirements of the Freedom of Information ACT and the ICO Model Publication Scheme. In addition to this, (as best practice) it can follow the requirements of the Transparency Code – but this does not have the weight of law.

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.

We have considered the requirements of Statutory Instruments 2015/480 The Local Government (Transparency Requirements) Regulations 2015 [<https://www.legislation.gov.uk/ukxi/2015/480/made/data.pdf>] and, 2015/494 The Smaller Authorities (Transparency Requirements). [https://www.legislation.gov.uk/ukxi/2015/494/pdfs/ukxiem\\_20150494\\_en.pdf](https://www.legislation.gov.uk/ukxi/2015/494/pdfs/ukxiem_20150494_en.pdf)

In addition to this, we have considered the additional publication requirements as set out in the ICO Model Publication Scheme for Parish Councils. <https://ico.org.uk/media/for-organisations/documents/1153/model-publication-scheme.pdf> & [https://ico.org.uk/media/for-organisations/documents/1266/parish\\_council\\_information\\_guide.doc](https://ico.org.uk/media/for-organisations/documents/1266/parish_council_information_guide.doc)

The council has a Publication Policy and Freedom of Information Policy both of which are posted to the council website; **however the publication policy does not contain the detail of the scheme only the requirements.**

**I was unable 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 financial years 2019/20 to 2023/24 inclusive.**

**M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**

**Internal audit requirement**

*The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.*

**Audit findings**

Inspection – key dates	2023/24 Actual
Date AGAR signed by council	20 <sup>th</sup> May
Date inspection notice issued	21 <sup>st</sup> May
Inspection period begins	3 <sup>rd</sup> June 2024
Inspection period ends	12 <sup>th</sup> July 2024
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2023/24, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

**N: PUBLICATION REQUIREMENTS**

**Internal audit requirement**

*The authority has complied with the publication requirements for 2023/24. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.*

*Before 1 July 2024 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 2023/24, approved and signed, page 4*
- *Section 2 - Accounting Statements 2023/24, approved and signed, page 5*

*Not later than 30 September 2024 authorities must publish:*

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

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

**Audit findings**

**I have reviewed the council website and was unable to locate the the certified (signed) AGAR (sections 1 2 & 3) or the notice of conclusion.** I did however, locate the External Audit certificate (section3) on its own and Accounting Statements section 2 on its own. The external audit certificate having been published on the 15/10/24.

It is a requirement of The Accounts and Audit Regulations 2015 (SI 2015/234) that the “Notice of conclusion of audit” and the certified AGAR(sections 1 2 & 3) are published on the council website before the 30<sup>th</sup> September.

**O. TRUSTEESHIP**

**Internal audit requirement**

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

**Audit findings**

The council has no trusts.

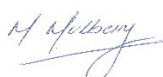
**Achievement of control assertions at interim audit date**

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.

	<b>INTERNAL CONTROL OBJECTIVE</b>	<b>YES</b>	<b>NO</b>	<b>NOT COVERED</b>
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			✓ none
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 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			✓ N/a
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation		✓	
M	The authority, during the previous year (2023-24) 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 2023/24 AGAR.		✓	
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓ N/a

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

Yours sincerely



**Mark Mulberry**  
**Mulberry Local Authority Services Ltd**

**Final Audit 2023/24 - Points Carried Forward**

Audit Point	Audit Findings	Council comments
<b>Risk management</b>	The council has not made provision in the accounts for the unpaid employers HMRC payments. I recommend at the very least earmarking reserves for this purpose. In my opinion the governance statement cannot be signed off for this element.	On going
<b>Payroll</b>	<p>The council does not have access to the government gateway for PAYE so I was unable to check if they were up to date with payments from HMRC perspective. I recommend the council sign up for a gateway account. <a href="https://www.gov.uk/log-in-register-hmrc-online-services">https://www.gov.uk/log-in-register-hmrc-online-services</a>. I contacted the payroll provider and was informed that there is <b>an historic debt of £58.15</b> and she provided a download from HMRC in evidence of this.</p> <p>In reviewing the tax payments made to HMRC it was noted that whilst PAYE was being paid to HMRC no employers national insurance has been paid, although calculated and showing on the payroll reports. I queried this with the clerk and was provided with email evidence from the payroll provider stipulating only PAYE was due. <b>This is not correct.</b> I raised this with the payroll provider and the employment allowance has been claimed for the tax years ended 5<sup>th</sup> of April 2021,22,23 and the current 2023/24 tax year. <b>Local authorities are not permitted to claim the employment allowance. I asked for the amounts to be totalled and the payroll provider has provided a breakdown showing £13,114.97 will need to be repaid to HMRC in unpaid employer’s national insurance.</b></p> <ul style="list-style-type: none"> <li>• 5<sup>th</sup> April 2021    £2,268.04</li> <li>• 5<sup>th</sup> April 2022    £4,443.58</li> <li>• 5<sup>th</sup> April 2023    £4,082.00</li> <li>• 5<sup>th</sup> April 2024    £2,321.35 – now settled</li> </ul> <p>It will be necessary for the payroll provider to submit corrections to the payroll so that HMRC can correct the record. There may well be interest and penalties to settle as well.</p>	On going

**Interim Audit 2024/25 - Points Carried Forward**

Audit Point	Audit Findings	Council comments
<b>Governance</b>	<p>The ICO has issued guidance stating that <i>“any background documents which are referred to in the agenda or minutes or were circulated in preparation for the meeting. These are considered part of the agenda.”</i> The Freedom of Information Act 2000 (FOIA).</p> <p>I remind council of its legal requirement to make available background papers to the agenda, as outlined by the Information Commissioner’s Office. This includes website copies. (Page 3 of this link) <a href="https://ico.org.uk/minutesandagendas.pdf">ico.org.uk/minutesandagendas.pdf</a></p> <p>I remind council that it is good practice to ensure all hard copy minute pages are signed or initialled, not just the final page.</p>	
<b>Financial regulations</b>	I discussed two payments with the clerk as I could not locate any evidence that, in accordance with financial regulations, these items and been pre-approved for purchase prior to commencement or ordering. I recommend a review of the financial regulation 5, to ensure compliance.	

<p><b>L: PUBLICATION OF INFORMATION</b></p>	<p>The council has a Publication Policy and Freedom of Information Policy both of which are posted to the council website; however the publication policy does not contain the detail of the scheme on the requirements.</p> <p>I was unable 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 financial years 2019/20 to 2023/24 inclusive.</p>	
<p><b>N: PUBLICATION REQUIREMENTS</b></p>	<p>It is a requirement of The Accounts and Audit Regulations 2015 (SI 2015/234) that the “Notice of conclusion of audit” and the certified AGAR(sections 1 2 &amp; 3) are published on the council website before the 30<sup>th</sup> September.</p>	