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Name:	Katie Herr
Email:	admin@angmering-pc.gov.uk
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IP Address:	94.11.146.27
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MULBERRY & CO

Chartered Certified Accountants
Registered Auditors
& Chartered Tax Advisors

9 Pound Lane
Godalming
Surrey, GU7 1BX

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

Our Ref: MARK/ANG001

Mrs K Herr
Angmering Parish Council
The Corner House
The Square
Angmering
West Sussex
BN16 4EA

Date 3 October 2019

Dear Katie

Re: Angmering Parish Council
Internal Audit Year Ended 31st March 2020

Following completion of our interim internal audit on the 3 October 2019 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. Where appropriate **recommendations for future action are shown in bold text and summarised in the table at the end of the report.**

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. 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.

Interim Audit – Summary Findings

At the interim visit we reviewed and performed tests on the following areas:

- Review of the Financial Regulations and Standing Orders
- Review of the risk assessments
- Review of the budgeting process
- Proper bookkeeping – review of the use of the accounts package
- Review of fixed asset register

It is our opinion that the systems and internal procedures at Angmering Parish Council are well established, and followed. The Clerk, while inexperienced, has made tremendous progress in understanding and improving the systems of the Council, and has overseen changes to the internal procedures as regulations and technologies have changed to maintain compliance.

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. I would like to thank Katie and her team for their

assistance 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.

A. BOOKS OF ACCOUNT (INTERIM AUDIT)

The Council had changed systems from the start of the 2019/20 financial year and now uses RBS as a day to day accounting package. The system is an industry specific package and is entirely suitable for a council of this size. There are four users for the system all with individual log on passwords. All processing is completed by the Clerk, with other users accessing the purchase order facility.

My audit testing showed that supporting documentation is logically filed and could be easily located from records. I make no recommendation to change in this system.

I tested opening balances as at 1/4/19 and confirmed they could be agreed back to the audited accounts for 2018/19.

The Council is not VAT registered and the last VAT return was for the quarter ended 30 September 2019, and is due to be submitted at the time of internal audit.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

At the interim audit date, 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)

Interim Audit

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

The external auditors report was qualified in 2018/19 and is due to be reported to Council at the meeting on 14 October. The external auditor raised concerns over the lack of a risk assessment. The Clerk has prepared a suitable document and this will be adopted by Council at a meeting before the end of the year. The Clerk is aware of the need to publish the confirmation of the conclusion of audit and audited AGAR to the council website.

Confirm by sample testing that councillors sign statutory office forms

Acceptance of Office and agreement to observe the Members Code of Conduct have been completed, along with Register of Members' Interests, in line with regulations. The Register of Members' Interests is published on the Council's website. Councillors have also signed acceptance to receive information by electronic means.

Confirm that the council is compliant with the relevant transparency code

I note that due to the income and expenditure of the council, it is required by law to follow the 2015 Local Government Transparency Code. A review of the web site shows payment lists being published, along with details of staff organisational charts, although there is no information relating to the pay multiple.

I have signposted the Crowborough Town Council website www.crowboroughtowncouncil.gov.uk/about-us/transparency/ as a good example of the level of detail needed and how the information might be displayed for additional clarity.

Confirm that the council is compliant with the GDPR

The council is aware of GDPR and has a privacy notice linked to the home page of its website. It was noted the council has common email addresses internally and also for councillors. A common email system is recommended because it gives a natural segregation so it is clear beyond doubt in what capacity a councillor is acting, 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 appointed an external Data Protection Officer (DPO).

Confirm that the council meets regularly throughout the year

The council has the following committees:

- Full Council – meets monthly
- Community, Leisure, Environment and Wellbeing – meets monthly
- Governance – meets quarterly
- Housing, Transport & Planning - meets every three weeks

There is also a Neighbourhood Plan Review working group, made up of councillors and non-councillors, which reports to Full Council.

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 both web site and hard copy 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. I was noted that the supporting documentation referred to in the agendas is also posted to the website.

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

Draft and final minutes are uploaded to the council website. Draft minutes are clearly marked and replaced by final minutes once approved at the next meeting. Minutes and agendas are easy to locate on the Council website.

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

The Standing Orders are based on the latest NALC model (2018) and were last reviewed and adopted on 13 May 2019.

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

Financial regulations are based on a NALC model (2016) and were last reviewed and adopted on 13 May 2019. The Clerk is aware of the newer version released in July 2019 and any subsequent changes will be based on this version.

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

The Council receives comprehensive financial reports and discussion and agreement of these is recorded in the minutes of Council meetings. The only additional item which may be useful for consideration would be a copy of the balance sheet. Bank reconciliations are completed for all accounts, verified by a councillor, reported to Council and recorded in the minutes. The face of the original bank statements are signed during the verification process.

The council has set spending limits within its Financial Regulations, although these may need review to ensure they are practical and manageable for the Council to operate efficiently. Any delegation to committee should be clearly defined within both the Financial Regulations and the terms of reference for the committee to ensure no misunderstanding. Clear tender limits and contract quote requirements are defined.

The Council has a comprehensive purchase order system in place through RBS and review of this shows it to be suitable for a Council of this size.

The majority of payments are made online, where the Clerk creates a batch of payments on RBS, 2 councillors sign the payment list, the Assistant Clerk then enters the payments onto the online banking system and the Clerk releases the payments. Thus dual entry system provides a good level of security for the Council.

A small number of cheques are issued where necessary. Sample testing of invoices, bank statements and payment lists show payments are being properly authorised in line with the requirements of Financial Regulations. Invoices and payment details are logically filed and easy to find. I make no recommendation to change this system.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.12 per elector

The council has section 137 expenditure which is within guidelines. The Clerk has recently passed CiLCA and the Council is due to adopt the General Power of Competence at its next meeting.

Confirm that checks of the accounts are made by a councillor

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

I am of the opinion the council is following its own regulations and that any changes to financial regulations are to be considered minor and no indicative of errors in the system.

At the interim audit date, I am of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for" has not been met, due to the need to address the statutory changes required to the Standing Orders. This will be further reviewed at the year-end audit.

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

Interim Audit

The external auditor's report highlighted the lack of a risk assessment. The Clerk has prepared a version as part of her CiLCA training, and this is due to be reviewed and adopted by the Council. Once adopted, this will be reviewed by internal audit at year-end.

I have confirmed that the council has a valid insurance certificate. The council reviews its insurance requirements as part of the renewal process. Money and asset cover appear adequate, with the fidelity guarantee level set at £500,000.

Once the risk assessment has been adopted, at the interim audit, 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)

Interim Audit

I confirmed that regular reporting of activity against budget is reported to the council and a review of the minutes shows discussion and agreement of these reports. The budgetary process for 2020/21 is about to commence. While not formally adopted, the Council has a longer term budget plan which it used during the PWLB application process.

Council set a budget anticipating adding £7,000 to the general reserve by the year end. At the interim audit date, reported expenditure was 67% of budget year to date, although this included a significant number of one-off items.

The Council has accounts with Lloyds, CCLA and Hampshire Trust and the Clerk was reminded of the protection available to the Council via the Financial Services Compensation Scheme (FSCS). More information is available via this link www.fscs.org.uk/

At the interim audit date, the Council had £120,864 in its general reserve and a further circa £100,000 in a number of clearly identified earmarked reserves. General guidance recommends the level of general reserve should be circa

50% of precept, adjusted for local conditions. The level currently held is therefore lower than expected and the Council is advised to keep this under consideration.

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

E. INCOME (INTERIM AND FINAL AUDIT)

Interim Audit

Other than the precept, the council receives income from rental of the flat, allotment fees, sponsorship income, investment income and bank interest

The precept was received in two parts - April and September 2019 and the amounts have been verified to the bank statement and match the precept request.

At the interim audit date, 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 (FINAL AUDIT)

To be checked at year end.

G. PAYROLL (INTERIM AND FINAL AUDIT)

The Council uses an external payroll company to complete payroll duties, Details of any overtime are provided by the Clerk, who subsequently verifies the report sent to her by the payroll company. The salary payments are made by the external company. Checks of payroll information will be completed at the year-end audit.

H. ASSETS AND INVESTMENTS (INTERIM AND FINAL AUDIT)

Interim Audit

The council has a fixed asset register in place. This has been compiled by the Clerk based on historic information, and details all of the required information. The register continues to be updated regularly.

At the interim audit date, 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)

Interim Audit

At the interim audit date the council had a reconciled bank position which had been verified by a councillor and reported to Council. I have reviewed and verified the reconciliation and there were no errors.

At the interim audit date, 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)

To be tested at year end.

K. TRUSTESHIP (INTERIM AUDIT)

The Council has no trusts.

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

To be tested at year end.

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

Kind regards

Yours sincerely

A Beams

Andy Beams