









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

A review of the council's compliance with the newly adopted Financial Regulations will be conducted at the final internal audit.

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

The council adopted the General Power of Competence (GPC) at the August 2023 council meeting and the section 137 thresholds do not apply.

***Check receipt of VAT refund matches last submitted VAT return***

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 30 June 2023 which showed a refund amount due of £2,158.23. I was able to confirm receipt of this amount to the council's bank account on 3 August 2023. The council is up to date with its VAT submissions.

***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.

**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 management policy and risk register which was most recently reviewed and approved by council on 28 September 2023. I reviewed the risk assessment record, which details the types of risk identified, assigns a perceived risk level based on the likelihood and severity of the incident occurring, records mitigation action taken and reassesses the residual risk after the action is taken. This is a comprehensive approach and includes all the risks typically associated with a council of this size.

I confirmed that the council has a valid insurance policy in place with Hiscox which was renewed on 1 October 2023. The policy includes Public Liability and Employers Liability cover of £10 million each and a Fraud & Dishonesty (Fidelity Guarantee) level of £150,000.

**The Fraud & Dishonesty insurance cover level is significantly below the balances held, and the council should ensure that the cover level is more than the highest balance held at any point during the financial year.**

**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 set a precept of £277,323 for 2023/24. With a tax base of 2,598.8, this equates to a band D equivalent of £106.71 (compared to the average in England of £79.35).

The Clerk confirmed that the 2024/25 budget setting process has begun with a first draft produced and then due to be reviewed at the Finance Committee meeting on 26 October 2023. This will go back to the Finance & Policy Committee at the November meeting to form a recommendation to go to Full Council to approval at the November council meeting. There is a further scheduled council meeting in January if another meeting is needed to finalise the details.

The Clerk presents the budget performance information at Finance & Policy Committee meeting for review, including copies of the cashbooks and the earmarked reserves. The addition of a finance update at the council meetings, delivered either by the RFO or the committee Chair, may add benefit to ensure that all councillors are kept up to date with the council's financial position.

The council holds circa £235,000 in earmarked reserves, spread across a range of projects which are clearly identified. These include an amount for Community Infrastructure Levy (CIL) receipts. The council also holds circa £123,000 in the general reserve.

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 the recommended 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 budgets to receive income from an Environmental Cleansing Grant, sports pavilion income, allotments, donations towards Christmas lights. and tennis club rent. The council reviews its fees and charges each year as part of the budget setting process.

Unbudgeted amounts received during the year come from bank interest and VAT refunds. 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 are six staff members in total, all of whom have a signed contract of employment. Four staff member's salaries are aligned to the NJC scale point range with the other two paid on a fixed hourly rate.

The council uses West Sussex County Council for processing payroll, who calculate the PAYE and pension deductions and make the related salary, HMRC and pension payments each month, subsequently invoicing the council. I reviewed the payslips for staff members and the payroll deductions appear correct. The council is a member of the Local Government Pension Scheme (LGPS).

I reminded the Clerk that only salary, HMRC and pension payments should be included in box 4 on the Annual Governance and Accountability Return (AGAR) and any other staff costs should be recorded in box 6.

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 fixed asset register in place which includes details of asset location, date of acquisition (where known), cost or proxy cost and insurance/replacement values. **Assets are correctly listed at cost/proxy cost, although I note some have an 'unknown' value included. These elements should either be given the proxy cost value or a token £1 where this information is unavailable.**

The council has no borrowing nor long-term investments.

## I. BANK AND CASH

### **Internal audit requirement**

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

### **Audit findings**

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

Bank reconciliations are completed monthly and presented to Finance & Policy Committee at every meeting for review. I reviewed the reconciliations presented for the interim audit and was able to confirm the balances to the bank statements and found no errors.

**I noted that the reconciliation and bank statement have not been signed in accordance with the Financial Regulations and this must be rectified before the year-end audit to allow me to positively confirm compliance with this internal control objective.**

The council holds accounts with Nat West and CCLA. **Balances held exceed the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS) and the council may wish to consider mitigating the risk by opening an account with an alternate provider.**

## 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**

Testing to be conducted at final audit.

**K. LIMITED ASSURANCE REVIEW****Internal audit requirement**

*IF the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick “not covered”)*

**Audit findings**

The council did not certify itself exempt in 2022/23 due to exceeding the income and expenditure limits and this test does not apply.

**L: PUBLICATION OF INFORMATION****Internal audit requirement**

*The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation*

**Audit findings**

Testing to be conducted at final audit.

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

*The authority has demonstrated that during summer 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.*

**Audit findings**

Inspection – key dates	2022/23 Actual
Date AGAR signed by council	15 June 2023
Date inspection notice issued	19 June 2023
Inspection period begins	20 June 2023
Inspection period ends	31 July 2023
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 2022/23, 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 2022/23. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.*

*Before 1 July 2023 authorities must publish:*

- *Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited*
- *Section 1 - Annual Governance Statement 2022/23, approved and signed, page 4*
- *Section 2 - Accounting Statements 2022/23, approved and signed, page 5*

*Not later than 30 September 2023 authorities must publish:*

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

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

### **Audit findings**

I was able to confirm that the Notice of Public Rights is published on the council website along with the Notice of Conclusion of audit and External Auditor Report and I was able to confirm that the publication requirements for 2022/23 have been met.

## **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.

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

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

**Your final audit date has been booked for Wednesday 1 May 2024 at 9am at the Village Hall.**

Yours sincerely



**Andy Beams**  
For Mulberry & Co

**Interim Audit - Points Carried Forward**

<b>Audit Point</b>	<b>Audit Findings</b>	<b>Council comments</b>
<b>C. RISK MANAGEMENT AND INSURANCE</b>	The Fraud & Dishonesty insurance cover level is significantly below the balances held, and the council should ensure that the cover level is more than the highest balance held at any point during the financial year.	
<b>H. ASSETS AND INVESTMENTS</b>	Assets are correctly listed at cost/proxy cost, although I note some have an 'unknown' value included. These elements should either be given the proxy cost value or a token £1 where this information is unavailable.	
<b>I. BANK AND CASH</b>	I noted that the reconciliation and bank statement have not been signed in accordance with the Financial Regulations and this must be rectified before the year-end audit to allow me to positively confirm compliance with this internal control objective.	
<b>I. BANK AND CASH</b>	Balances held exceed the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS) and the council may wish to consider mitigating the risk by opening an account with an alternate provider.	