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Our Ref: MARK/GLY001

Mrs S Mills
Glynde & Beddingham Parish Council
10 Bromley Road
SEAFORD
BN25 3ES

8th June 2020

Dear Stephanie

Re: Glynde & Beddingham Parish Council
Internal Audit Year Ended 31st March 2020

Following completion of our interim internal audit on the 8th June 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 tables 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.

It is our opinion that the systems and internal procedures at Glynde & Beddingham Parish Council are well established, and followed. Their interim clerk is very experienced and ensures the council follows best practice regulations 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 very 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 Steph for all the hard work and effort she has put in and can certainly say without this, the AGAR would have looked very different this year.

I am of the opinion that the annual accounts and AGAR are ready to be signed off and the certificate of exemption can be submitted to the external auditor.

The AGAR is a true and fair reflection of the financial transaction of that of the council for the year ended 31st March 2020. Accordingly, I have signed off the AGAR.

A. BOOKS OF ACCOUNT (INTERIM AUDIT)**Internal audit requirement**

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

The council uses excel to record the financial transactions of that of the council. The council has had circa 70 transactions for the whole year. The interim clerk on taking over was required to recreate the cashbook from scratch as there was an absence of key working documents on handover in September 2019.

The interim clerk confirmed. *“Payments and receipts made from 1st April 2019 were traced through reviewing the bank statements, cheque stubs, invoices, minutes and agendas. Missing copies of bank statements and invoices were obtained and anomalies were investigated and resolved. The Council only had 1 bank account signatory on the Council; the bank mandate has now been updated and all currently serving Councillors are now signatories.”*

My audit testing showed that supporting documentation 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 made during the 2018/19 council year. The Interim Clerk had prepared a VAT claim to be approved at the last meeting on 18th March 2020 however this item had to be deferred. The interim clerk will present this for Councillor’s approval at the next meeting on 24th June 2020.

It is clear for the first six months or so of the 2019-20 council year the council had very little in the way of books of account and it is not possible to say for certain that proper books of account were indeed kept during this period. However, it is through the hard work of the interim clerk that this situation has been turned around. I would recommend the council maintain this new system going forward.

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 & 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.

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

The council applied for a certificate of exemption in 2018/19.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that Councillors sign “Acceptance of Office” forms and register of members interests, in line with regulations. **The councillors will need to sign acceptance to receive information by electronic means.** I have provided some sample wording below for council consideration.

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

Confirm that the Council is compliant with the relevant transparency code.

I note that the Council is required by law to follow the Transparency code for smaller authorities. <https://www.gov.uk/government/publications/transparency-code-for-smaller-authorities>

The code specifies that smaller authorities should publish by the 15th July following the end of the council year.

- a) all items of expenditure above £100;
- b) end of year accounts,
- c) annual governance statement,
- d) internal audit report,
- e) list of councillor or member responsibilities, and
- f) the details of public land and building assets,
- g) Minutes, agendas and meeting papers of formal meetings - this item only
 - a. these must be published not later than one month after the meeting has taken place. Agendas must be published no later than three clear days before the meeting to which they relate is taking place.

The Interim Clerk created a new website and all key documents have been and will be updated and uploaded to ensure compliance with the Transparency Code

Confirm that the Council is compliant with the GDPR.

As council is aware of GDPR. It was noted the Council has common email addresses. A common email system such as cllr.name@GHPC..... 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.

Confirm that the Council meets regularly throughout the year

The council meets circa 10 times per annum.

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

Whilst we have not tested every council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

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.

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

The standing orders are based on the NALC model and the financial regulations are also based on the NALC model. The regulations being based on the NALC model contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

The Standing Orders, Financial Regulations and Code of Conduct were fully revised and adopted at a meeting of the Council on 18th March 2020. A FOI Publication Schedule was adopted in November 2019. Following government advice after the covid-19 outbreak, the Council adopted a Business Continuity Plan at the last face-to-face meeting on 18th March 2020 to enable the business of the council to be conducted in the unprecedented circumstances.

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

Financial regulation 2.2 deals with bank reconciliations, the council is performing a monthly bank reconciliation for all accounts and this is minuted in accordance with regulations.

Financial regulation 4 & 11 deals with budgetary control and authority to spend and Contracts. The council has thresholds in place at which authorisations to spend must be obtained.

- £5,000 + full council approval to spend required

- £1,000 - £5,000 delegated committee approval to spend required
- £0 - £1,000 – clerk in conjunction with the chair approval to spend required

The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below.

- £25,000 + Tender Process
- £3,000 - £25,000 3 quotations are required.
- £100 - £3,000 – strive to get 3 estimates
- 0 - £100 – power to spend

I would recommend on next revision of the financial regulations the council may want to consider aligning para 4 & 11 to that in para 4 the clerk can order goods and services up to the value of £100 with the need for chairman approval. This will avoid the unnecessary requesting of approvals for small items such as post and stationery. However, I am at pains to point out what the council currently has in place is not incorrect – this slight revision may assist with reducing some compliance and admin burden.

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations.

Financial regulation 6 deals with making payments. The council makes payments by cheque, direct debit. Cheques must be signed by two individuals.

I have selected minutes at random and traced the authorised payments to the invoices and cashbook, noting council authorisation at each stage.

The council authorises all payments, invoices are taken to council for approval and a payments list is authorised by authorised signatories. Cheques are pre written and once the invoices are approved the cheque and cheque book stub are signed. For a council of this size this control is adequate.

The payments are listed in the minutes and as such are posted to the council website, this is in accordance with the Transparency Act requirements and ensures all payments are made available to the wider public. Where applicable personal information would be redacted.

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

The council has had no S.137 expenditure.

Confirm that checks of the accounts are made by a councillor.

The system noted above details internal review takes place and 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. I am therefore 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 & INSURANCE

Internal audit requirement

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

The Council undertakes a full risk assessment that covers operational and financial risks. This was presented to Members and approved at a meeting of the Council on 18th March 2020

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.

It was noted the council did not have expenditure during the year for insurance – the interim clerk has commented on this as follows:

“The Council has an insurance policy, incorporating employer’s and public liability insurance, with Zurich. The policy runs from 1st June to 31st May. During the Interim Clerk’s review of the finances of the Council, a premium for the insurance amount for 2019-2020 could not be identified. The Interim Clerk spoke with Zurich who confirmed that the premium had been paid and further investigation indicated that it may have been accidentally paid by a neighbouring Parish Council that the last Clerk also works for. The Interim Clerk telephoned the Chairman of the neighbouring Parish Council who said he would look into the issue and, if the anomalous payment was confirmed, he would arrange for their Clerk to submit an invoice to GBPC for the premium.”

Because the GBPC prepares its accounts on the receipts and payments basis not change is required to this year’s; however; it should be noted next year’s accounts will show double for insurance costs.

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 & 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.

I confirmed that the 2020/21 budget and precept setting process was completed on time, with all precepting authority deadlines met. A review of the minutes shows discussion and agreement of the same.

The council has £17,799 of total reserves. In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £6k. **The council’s reserves are slightly high and I would recommend council in the light of future projects and the business plan consider earmarking reserves.**

All significant variances to budget were explained satisfactorily at regular intervals during the council year as evidenced in the minutes.

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**Internal audit requirement**

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

The precept income was tested to third party evidence supplied to the auditor. There were no errors and the precept is correctly shown in box 2 of the AGAR. All other income (grant and interest) is correctly shown in box 3 of the AGAR.

There is no evidence of netting off, in the cashbook.

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**Internal audit requirement**

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

None

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.

The council has one employee and the payroll is calculated internally using basic PAYE Tools from HMRC, although the amounts are below the threshold to tax. Net wages and PAYE are approved by council in the normal method. There are no councillor allowances.

The amounts shown on the AGAR, were reconcilable to the payroll records, there were no errors.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken.

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**Internal audit requirement**

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

The fixed asset register has been maintained in an Excel spreadsheet and agreed to the AGAR. The asset register was up to date with all relevant assets as at the current financial year end. Assets are correctly stated at historic or proxy cost.

The Council does not hold any long term investments i.e. over 1 year.

The document was clear to read and contained all relevant information and is a model of good practice.

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 & CASH

Internal audit requirement

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

At the year-end date the council had a reconciled bank position. I have reviewed the reconciliation and the cut off and can confirm the payments and lodgements are shown in the correct year, the amounts on the bank reconciliation agreed to the bank statements and outstanding cheques could be verified to after date clearance. There were no errors.

The council has two active bank accounts. None of the accounts are long term investments and as such do not need to be disclosed in box 9 of the AGAR.

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

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.

The council, at its meeting to sign off the year-end accounts, must discuss the Annual Governance Statement and record this activity in the minutes of the meeting. Based on the internal audit finding, I recommend using the table below as the basis for that discussion. THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.

Section 1 – Annual Governance Statement

	Annual Governance Statement	'Yes' means that this authority	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 – receipts & payments 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 Interim 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 2018/19 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 has completed two audits during the year.
7	We took appropriate action on all matters raised in reports from internal and external	<i>responded to matters brought to its attention by internal and external audit.</i>	YES – where matters are raised, action taken by council

	audit.		is recorded in the minutes.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	N/A – the council has no trusts.

Section 2 – Accounting Statements

Agar Box Number		2018/19	2019/20	Auditor Notes
1	Balances brought forward	16,079	17,491	Agrees to 2019 cfwd
2	Precept or Rates and Levies	10,954	10,954	Agrees to third party evidence provided to auditor
3	Total other receipts	298	235	Agrees to underlying records
4	Staff costs	2,891	4,662	Agrees to underlying records
5	Loan interest/capital repayments	0	0	Agreed no loans
6	All other Payments	6,949	6,219	Agrees to underlying records
7	Balances carried forward	17,491	17,799	Casts correctly agrees to balance sheet
8	Total value of cash and short term investments	17,491	17,799	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	41,945	43,544	Agrees to register
10	Total borrowings	0	0	Agreed no loans
11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES	NO	No trusts
			✓	

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

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2018-19 AGAR.

The variance analysis is required because there are variances greater than 15% and £200 on boxes 3 & 4. This has been correctly prepared on a summary table basis.

The council is wanting to take advantage of the “Certificate of Exemption” on the basis it has both income and expenditure below the £25,000 threshold. There is no requirement to have a limited assurance review or to submit an Annual Governance and Accountability Return to the external auditor, **provided that the authority has certified itself as exempt at a meeting of the authority after 31 March 2020 and a completed Certificate of Exemption is submitted no later than 30 June 2020 notifying the external auditor.**

I am of the opinion the AGAR will be ready for submission to the external auditor within statutory time scales and that the control objective of “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**Internal audit requirement**

IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick “not covered”)

Not applicable.

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

The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Due to the Covid 19 outbreak, the statutory deadlines have been changed as follows:

The publication date for final, audited, accounts will move from the 30 September to 30 November 2020 for all local authority bodies. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of July has been removed. Instead, local authorities must commence the public inspection period on or before the first working day of September 2020.

This means that draft accounts must be approved by 31 August 2020 at the latest. However, they may be approved earlier, and we would encourage councils to do so wherever possible, to help manage overall pressure on audit firms towards the end of the year.

Authorities must publish the dates of their public inspection period, and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations implementing these measures were laid on 7 April and are due to come into force on 30 April 2020.

The relevant dates as set by Glynde & Beddingham Parish Council Parish Council are set out in the table below.

Inspection - Key date	2018/19 Actual	2019-20 Proposed
Accounts approved at full council	1 st August 2019	24 th June
Date Inspection Notice Issued and how published		26 th June
Inspection period begins		29 th June
Inspection period ends		7 th August
Correct length	Yes	yes
Common period included?	Yes	yes
Summary of rights document on website?	Attached to inspection announcement	Attached to inspection announcement

I was unable to review the 2018/19 notice of electors rights; however, I have no evidence to suggest this was not met therefore I am satisfied the requirements of this control objective were met for 2019/20, and assertion 4 on the annual governance statement can therefore be signed off by the Council.

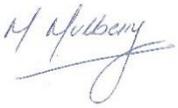
M. TRUSTEESHIP**Internal audit requirement**

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

No trusts.

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

Kind regards
Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Mulberry', with a stylized flourish at the end.

Mark Mulberry

Interim Audit - Points Forward

Audit Point	Audit Findings	Council comments
Reserves	<p>The council has £17,799 of total reserves. In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £6k.</p> <p>The council's reserves are slightly high and I would recommend council consider future projects and earmarking reserves.</p>	
Financial Regulations	<p>I would recommend on next revision of the financial regulations the council may want to consider aligning para 4 & 11 to that in para 4 the clerk can order goods and services up to the value of £100 with the need for chairman approval.</p> <p>This will avoid the unnecessary requesting of approvals for small items such as post and stationery. However, I am at pains to point out what the council currently has in place is not incorrect – this slight revision may assist with reducing some compliance and admin burden.</p>	
Governance	<p>The councillors will need to sign acceptance to receive information by electronic means. I have provided some sample wording below for council consideration.</p> <p><i>“As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time.”</i></p>	