



Mrs S Parr
Wateringbury Parish Council
9 Warden Mill Close
Wateringbury
Kent
ME18 5DJ

4 September 2025

Dear Suzanne

Re: Wateringbury Parish Council
Internal Audit for Financial Year Ended 31 March 2025 – Final Audit report

Executive summary

Following completion of our final internal audit on 4 September 2025 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. **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, **although the report contains recommendations to address the shortfalls identified in the council's procedures and processes during the financial year.**

I note the new Clerk has addressed many of the identified issues already, although this work has primarily been completed since the start of the new financial year, which should result in an improved audit report for 2025/26.

It is therefore our opinion that the systems and internal procedures at Wateringbury Parish Council remain in need of improvement, and evidence of compliance with agreed policies will need to be presented at future audit visits.

Regulation

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

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

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

Independence and competence

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 35 years’ experience in the financial sector with the last 15 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 and inherent risk assessment

An engagement letter was previously issued to the council covering the 2024/25 internal audit assignment, which includes the scope and plan of works and fee structure. Copies of this document are available on request from anna@mulberrylas.co.uk

In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

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

This is the first internal audit conducted by Mulberry Local Authority Services Ltd, having been appointed by the council this year.

The audit was conducted on site with the Clerk, who also acts as the council's Responsible Financial Officer (RFO). The Clerk has been recently appointed to the role, and the council is dealing with several issues relating to problems identified prior to the new Clerk's arrival. These areas where the new Clerk has been able to identify the source of the problem have been addressed in a logical fashion, and I am impressed with the methodical approach taken to date.

The Clerk had prepared the information advised in advance of the visit where this was available, although **there are some gaps in the information for the year, and some accounting details have been recreated by an external accountancy company after the year-end to enable the council to complete the AGAR process.** Other information was reviewed through discussion with the Clerk and a review of the council website www.wateringburypc.org.uk

The council uses the Scribe accounting package for recording the council's finances. This is widely used in the local council sector. The accounting package has been updated by the external accountancy company to complete the year-end requirements.

While there are new issues identified in this internal audit report, I am confident that the new Clerk will tackle these in the same determined manner, and I look forward to seeing the improvements in next year's audit.

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its Finance 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 for 2023/24 was not qualified and has been published on the council website along with the Notice of Conclusion of Audit.

Under other matters, the External Auditor commented 'In undertaking the review of the 2022/23 Annual Return it came to our attention that the Council had not met the requirements of the Accounts and Audit (England) Regulations 2015 in providing electors with a period of 30 working days to inspect the accounts. The Council correctly answered no to the relevant assertion in the 2023/24 Annual Governance Statement and has complied with the regulations in 2024.

The Council asserted that it ensured an effective internal audit during the year, but the Internal audit report was dated after the Annual Governance Statement. There was limited internal audit testing of 2023/24 transactions or controls at the time the Annual Governance Statement was approved. In future, the Council should ensure that sufficient internal audit testing of the relevant year's transactions and controls has been completed before the Annual Governance Statement is approved.'

I note that at the meeting where the AGAR was approved and signed by the council, there is no reference to reviewing the internal audit report, which should be reviewed and considered by councillors to assist them in answering the questions on the Annual Governance Statement.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign "Acceptance of Office" forms.

The council website includes a councillor page where the individual Register of Members' Interests forms are published.

Confirm that the council is compliant with the relevant transparency code

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so.

Confirm that the council is compliant with GDPR

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2024) contains updated guidance on the matter as below:

The importance of using .gov.uk domains for websites and emails

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.*

The council has a Privacy Notice and Accessibility Statement on the home page of 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

A diary of future meeting dates is also published on the council website, along with historic agendas and minutes for council and committee meetings.

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.

I remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner's Office (page 3 of this link) ico.org.uk/minutesandagendas.pdf

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

Draft minutes are uploaded to the council website and clearly annotated as draft.

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

The Standing Orders are based on the current NALC model and were most recently reviewed and adopted by council in September 2024 (minute ref 24/99).

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

Financial Regulations are based on the current NALC model and were last reviewed and adopted by council in September 2024 (minute ref 24/99). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

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

FR 5.15 *Individual purchases within an agreed budget for that type of expenditure may be authorised by:*

- *the Clerk, under delegated authority, for any items below £1,000 excluding VAT.*
- *the Clerk, in consultation with the Chair or V-Chair of the Council, for any items below £2,000 excluding VAT.*
- *the council for all items over £2,000;*

Such authorisation must be supported by a minute or other auditable evidence trail.

FR 5.18 *In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £2,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair or V-Chair as soon as possible and to the council as soon as practicable thereafter.*

Based on the level of financial activity of the council, and through discussion with the Clerk, these authorisation thresholds appear appropriate. References within the minutes of meetings show that authorisation for payment is recorded.

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's adopted Financial Regulations include a section covering Risk Management and state:

FR 2.1 *The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.*

FR 2.2 *The Clerk who is the RFO shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.*

FR 2.3 *When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration by the council.*

FR 2.4 *At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.*

There is no evidence of the council reviewing a risk assessment during the year under review and I must therefore conclude that the council has not met the requirements of this internal control objective.

I confirmed that the council has a valid insurance policy in place with Zurich Insurance which covers the year under review. The policy includes Public Liability cover of £12 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £100,000. **Based on the reported year-end balance, I recommend the council considers increasing the Fidelity Guarantee level to ensure that it covers the maximum balance held at any point during the year.**

We discussed assertion 8 on the Annual Governance Statement and whether this had any impact on the council.

“We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.”

The council must give careful consideration as to how assertion 8 is answered based on the existing issues it is dealing with and provide an explanation for any issues to the External Auditor.

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 £126,466 for 2024/25. With a tax base of 962.1, this equates to a band D equivalent of £131.45 (compared to the average in England of £85.89). I was able to confirm receipt of the precept amount, and this is correctly recorded in Box 2 of the AGAR.

There is no clear evidence of a robust budgeting process being in place, nor of regular clear reporting of the council’s financial position during the year.

With the accounting software packing now in place and updated, the council must receive regular reports showing performance against budget to allow councillors to make informed financial decisions.

The year-end bank reconciliation lists a total of £118,917 as ‘ringfenced funds’, which would normally be reported as earmarked reserves. This includes an amount of £65,000 as a ‘protected reserve’ with no additional explanation as to what this is for.

The earmarked funds section of the Scribe accounting package has not been completed, as this shows all funds at year-end as being held in the general fund.

This anomaly should be corrected as soon as possible to ensure the council has a full understanding of the funds it holds and the purpose for them, considering the recommended guidance for an appropriate level of general reserve as outlined in the Joint Panel on Accountability and Governance (JPAG) Practitioner’s guide, which states:

5.33. *The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.*

5.34. *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.*

5.35. *The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.*

5.36. *In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

5.37. *Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.*

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 a range of sources including allotments, cemetery fees, rental income, bank interest and VAT refunds.

Financial Regulation 13.2 states *'The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk.'*

There is no evidence in the minutes of meetings of a review of the fees and charges taking place during the year.

The reconstructed accounts provide a breakdown of income against the various budget codes. The council website shows a list of cemetery prices (although these are dated 2023) and comparing these against amounts received, I was unable to match the totals based on the narrative information provided.

The council must ensure that accurate, up to date pricing information is published on the council website and that these prices are applied correctly for all services and facilities where a charge is made.

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 and the testing for this internal control objective does not apply.

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

The council had two employees on the payroll during the year under review. Payroll was processed in house during the year, although I note the new Clerk has now arranged for this to be done externally, providing a clearer separation of roles.

I note that from the current payslips, there is both a working from home allowance and mobile phone reimbursement paid and I remind the council that in accordance with the Practitioner's Guide, only actual salaries, HMRC payments and pension contributions are included in Box 4 (staff costs) of the AGAR, with any other items included in Box 6 (all other payments). The proposed AGAR figures must be checked and altered if needed to meet these criteria before submission.

There are no councillor allowances, although the Clerk is aware if paid to eligible (elected) members, these must be processed through payroll and assessed for tax and national insurance.

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, a value based on insurance values, and supporting comments.

The asset register is very basic and missing additional information such as date of acquisition and original purchase price. Assets are not listed in accordance with the SAPPP Practitioner's Guide, and I discussed with the Clerk the process for correcting historical errors, and that this should be completed with the previous year's AGAR figure restated where applicable.

The council is reminded that assets should be correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

The council has no long-term investments.

The council has borrowing through the Public Works Loan Board (PWLb) and I was able to confirm the figures for in year payments (box 5) and year-end balance (box 10) against the PWLB statement and remittance advices.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

Financial Regulation 2.6 states ‘At least once in each quarter, and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations for all accounts produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council RFO.’

I reviewed the March 2025 bank reconciliation for all accounts and was able to confirm the balances to the bank statements and found no errors.

While the minutes of meetings refer to the ‘receipt and acceptance’ of bank reconciliations, there is no evidence within the minutes that the councillor verification is taking place, and no signed bank reconciliations nor statements were available for review at the internal audit. I must therefore conclude that the council has not met the requirements of this internal control objective.

As the council’s annual budget is below the €500,000 threshold, it is protected by the Financial Services Compensation Scheme (FSCS) and is encouraged to ensure that balances are maintained below the £85,000 protection limit per financial institution.

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 (ACCOUNTING STATEMENT).

Section 2 – Accounting Statements

AGAR box number		2023/24	2024/25	Internal Auditor notes
1	Balances brought forward	127,430	137,410	Agrees to 2023/24 carry forward (box 7)
2	Precept or rates and levies	125,214	126,466	Figure confirmed to central precept record
3	Total other receipts	109,719	71,087	Agrees to underlying accounting records
4	Staff costs	26,993	26,552	Must be confirmed before submission (see section G of this report)

5	Loan interest/capital repayments	19,621	19,130	Agrees to PWLB remittance advices / Council has no borrowing
6	All other payments	178,339	135,345	Must be confirmed before submission (see section G of this report)
7	Balances carried forward	137,410	153,936	Cast correctly and agrees to balance sheet
8	Total value of cash and short- term investments	137,410	153,936	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long- term investments and assets	2,622,974	3,010,569	Matches asset register total and changes from previous year have been traced
10	Total borrowings	181,166	168,999	Agrees to PWLB statement
11a	Disclosure note re Trust Funds (including charitable)	No	No	No – the council is not a sole trustee
11b	Disclosure note re Trust Funds (including charitable)	N/A	N/A	N/A – the council is not a sole trustee

Audit findings

The year-end accounts have been correctly prepared on a receipts and payments basis with no requirement to complete the box 7 and 8 reconciliation. I was able to confirm the figures to the information contained within the updated Scribe accounting package.

The AGAR correctly casts, and cross casts and last year's comparatives match the figures submitted for 2023/24 and published on the council website.

The variance analysis has yet to be completed, and this is required by the External Auditor to explain differences in any box where the variance is 15% or more. This will apply to box 3 (total other receipts) and box 6 (total other payments) and the External Auditor will require details as to the reasons and amounts for these variances.

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

For councils with a turnover over £25,000, it is recommended best practice to follow the Local Government Transparency Code 2015, but not a statutory requirement and therefore not subject to verification during the internal audit.

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.

I was able 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 2022/23 and 2023/24. However, the prior three years information does not appear to be published on the website, and the council has therefore not met the requirements of this internal control objective.

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	2024/25 Proposed
Date AGAR signed by council	25 May 2024	Not provided
Date inspection notice issued	28 June 2024	Not provided
Inspection period begins	1 July 2024	Not provided
Inspection period ends	9 August 2024	Not provided
Correct length (30 working days)	Yes	Unknown
Common period included (first 10 working days of July)	Yes	No

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 yes by the council.

The proposed dates for 2024/25 have not been provided, although due to the delay in completing the AGAR and audit process, the common period of the first ten working days of July cannot be included, and the council must consider when completing the 2025/26 Annual Governance Statement and answer 'no' to Assertion 4 for 2025/26.

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 was able to confirm that the Notice of the Period of Public Rights and Section 1 (Annual Governance Statement) and Section 2 (Accounting Statement) were published on the council's website before 1 July 2024.

I was able to confirm that the Notice of Conclusion of Audit and External Auditor Report and Certificate were published on the council's website before 30 September 2024.

The council has therefore met the publication requirements for 2023/24 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, and testing for this internal control objective is not applicable.

Achievement of control assertions at final internal audit date

Based on the tests conducted during the interim and final audits, our conclusions on the achievement of the internal control objectives to date are summarised in the table below.

	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 Finance 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.	✓		
K	If the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review in the previous year 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		✓	
M	The authority, during the previous year 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 previous year's AGAR.	✓		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

Should you have any queries please contact me directly on andy@mulberrylas.co.uk or 07428 647069

Yours sincerely



Andy Beams

Director, Mulberry Local Authority Services Ltd

Final Internal Audit - Points Carried Forward

Audit Point	Interim Audit Findings	Council comments
A. BOOKS OF ACCOUNTS	There are some gaps in the information for the year, and some accounting details have been recreated by an external accountancy company after the year-end to enable the council to complete the AGAR process.	
B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	<p>I note that at the meeting where the AGAR was approved and signed by the council, there is no reference to reviewing the internal audit report, which should be reviewed and considered by councillors to assist them in answering the questions on the Annual Governance Statement.</p> <p>I remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner's Office</p>	
C. RISK MANAGEMENT AND INSURANCE	<p>There is no evidence of the council reviewing a risk assessment during the year under review and I must therefore conclude that the council has not met the requirements of this internal control objective.</p> <p>Based on the reported year-end balance, I recommend the council considers increasing the Fidelity Guarantee level to ensure that it covers the maximum balance held at any point during the year.</p>	

	<p>The council must give careful consideration as to how assertion 8 is answered based on the existing issues it is dealing with and provide an explanation for any issues to the External Auditor.</p>	
D. BUDGET, PRECEPT AND RESERVES	<p>There is no clear evidence of a robust budgeting process being in place, nor of regular clear reporting of the council's financial position during the year.</p> <p>With the accounting software packing now in place and updated, the council must receive regular reports showing performance against budget to allow councillors to make informed financial decisions.</p> <p>The year-end bank reconciliation lists a total of £118,917 as 'ringfenced funds', which would normally be reported as earmarked reserves. This includes an amount of £65,000 as a 'protected reserve' with no additional explanation as to what this is for.</p> <p>The earmarked funds section of the Scribe accounting package has not been completed, as this shows all funds at year-end as being held in the general fund.</p> <p>This anomaly should be corrected as soon as possible to ensure the council has a full understanding of the funds it holds and the purpose for them, considering the recommended guidance for an appropriate level of general reserve as outlined in the Joint Panel on Accountability and Governance (JPAG) Practitioner's guide.</p>	
E. INCOME	<p>There is no evidence in the minutes of meetings of a review of the fees and charges taking place during the year.</p> <p>The reconstructed accounts provide a breakdown of income against the various budget codes. The council website shows a list of cemetery prices (although these are dated 2023) and comparing these against amounts received, I was unable to match the totals based on the narrative information provided.</p>	

	The council must ensure that accurate, up to date pricing information is published on the council website and that these prices are applied correctly for all services and facilities where a charge is made.	
G. PAYROLL	I note that from the current payslips, there is both a working from home allowance and mobile phone reimbursement paid and I remind the council that in accordance with the Practitioner's Guide, only actual salaries, HMRC payments and pension contributions are included in Box 4 (staff costs) of the AGAR, with any other items included in Box 6 (all other payments). The proposed AGAR figures must be checked and altered if needed to meet these criteria before submission.	
H. ASSETS AND INVESTMENTS	<p>The asset register is very basic and missing additional information such as date of acquisition and original purchase price. Assets are not listed in accordance with the SAPPP Practitioner's Guide, and I discussed with the Clerk the process for correcting historical errors, and that this should be completed with the previous year's AGAR figure restated where applicable.</p> <p>The council is reminded that assets should be correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.</p>	
I. BANK AND CASH	While the minutes of meetings refer to the 'receipt and acceptance' of bank reconciliations, there is no evidence within the minutes that the councillor verification is taking place, and no signed bank reconciliations nor statements were available for review at the internal audit. I must therefore conclude that the council has not met the requirements of this internal control objective.	
J. YEAR-END ACCOUNTS	The variance analysis has yet to be completed, and this is required by the External Auditor to explain differences in any	

	box where the variance is 15% or more. This will apply to box 3 (total other receipts) and box 6 (total other payments) and the External Auditor will require details as to the reasons and amounts for these variances.	
L. PUBLICATION OF INFORMATION	I was able 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 2022/23 and 2023/24. However, the prior three years information does not appear to be published on the website, and the council has therefore not met the requirements of this internal control objective.	
M. EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS	The proposed dates for 2024/25 have not been provided, although due to the delay in completing the AGAR and audit process, the common period of the first ten working days of July cannot be included, and the council must consider when completing the 2025/26 Annual Governance Statement and answer 'no' to Assertion 4 for 2025/26.	