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Mrs L Bannister  
Woodmancote Parish Council  
48 Titmus Drive  
Tilgate  
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West Sussex  
RH10 5ER

7<sup>th</sup> May 2020

Dear Leanne

**Re: Woodmancote Parish Council**  
**Internal Audit Year Ended 31<sup>st</sup> March 2020**

Following completion of our internal audit on the 7<sup>th</sup> May 2020 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 underlined text.**

Due to the COVID-19 restrictions in place at the time of the final audit, this was carried out remotely, and I would like to thank Leanne for ensuring all of the requested information was sent through in a timely fashion to allow this process to be completed. The audit was carried out using this information and reviewing the council's website where appropriate.

### **Audit – Summary Findings**

At the 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 annual accounts and AGAR
- Review of bank reconciliation
- Review of income
- Review of salaries
- Review of fixed assets and investments register

It is our opinion that the systems and internal procedures at Woodmancote Parish Council are very well established, regulated and followed. The Clerk is experienced and ensures the council follows best practice regulations and has over time adapted and changed the internal procedures as regulations and technologies have changed to maintain compliance.

It is clear the council takes policies and procedures very seriously and I am pleased to report that overall, the systems and procedures you have in place are entirely fit for purpose. I therefore make no recommendation for change at this stage.

I am of the opinion that the annual accounts and AGAR are ready to be signed off by council and that the AGAR is a true and fair reflection of the financial transaction of that of the council for the year ended 31<sup>st</sup> March 2020. Accordingly, I have signed off the AGAR.

#### **A. BOOKS OF ACCOUNT**

The council continues to use Excel for recording the day to day transactions of the council. The Clerk produces a monthly hard copy bank reconciliation together with quarterly actual versus budget monitoring. Evidence of this is recorded in the minutes of council meetings.

There have been no reported issues in the past and for recording receipts and payments this is entirely fit for purpose and I see no reason to make any recommendation to change. 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 AND PAYMENTS**

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

Councillors signed "Acceptance of Office" forms and this was recorded in the minutes of the May and June 2019 meeting.

##### *Confirm that the council is compliant with the relevant transparency code.*

I note that the council is required by law to follow the 2015 Transparency Code for Smaller Authorities. A review of the website has shown that the required information is available, either within the minutes of meetings or separately.

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

The council is aware of GDPR. It has policies and statements in this respect and has a Privacy Notice on its website.

##### *Confirm that the council meets regularly throughout the year*

The council meets on a monthly basis, with the exception of August and December. There are no standing committees.

##### *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. It was noted that supporting non-confidential information relating to items on the agenda are also posted on the council website.

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

Minutes are uploaded to the council website and are easy to access.

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

The council adopted the most recent NALC model Financial Regulations in October 2019, which contain best practice provisions.

##### *Check that the council's Financial Regulations are being routinely followed by tracking some sample payments*

A review of the minutes of the meeting held in October 2019 show a clear audit trail of payments being approved by council. Bank reconciliations are also noted within the minutes as having been approved on a

quarterly basis. Due to the restrictions in place at the time of the audit, I was unable to complete detailed checks on invoices and cheque stubs, but previous audits have shown the correct procedures are regularly followed.

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

The council reviewed and adopted Standing Orders in May 2019, which are based on the current NALC model. These are reviewed annually as a minimum.

*Check the publication of councillor's contact details etc.*

The website has contact details for the council, through which councillors can be contacted. Each councillor's Register of Members' Interests forms are published on the web site.

*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.

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 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 AND INSURANCE**

The council has a risk management policy, which was last reviewed and adopted by council in May 2019. The council's risk assessment, which is in a tabular format, includes details of risks, internal controls in place and other risk management. This is satisfactory for a council of this size.

I confirmed the council has a current insurance policy in place. Included in the cover provided is Public Liability cover of £12million, Employer's Liability cover of £10million and a Fidelity Guarantee of £250,000. These levels are appropriate for a council of this size.

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 AND PRECEPT**

The budget and precept for 2019/20 were agreed at the meeting held in January 2019, and this is recorded in the minutes of the meeting. Reporting against budget is monitored by council on a quarterly basis. The 2020/21 budget and precept were approved at the meeting held in January 2020.

At the year end, the council held £10,000 in earmarked reserves and a further £12,332 in the general reserve. General guidance recommends a general reserve of circa 50% of precept, adjusted for local conditions.

The current level held is higher than may normally be expected, although there is the potential to spend £6,000 of the general reserve next year on planned staff changes. The council is reminded that it has no power to accumulate general reserves and should regularly review its level of general and earmarked reserves to ensure they are being used for the benefit of the parish.

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**

Precept income, which is received in two instalments, was verified against remittance advices and confirmed as being correctly recorded.

Other income comprised mainly an environmental cleansing grant, which was also received in two instalments.

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**

The council has no petty cash.

## **G. PAYROLL**

The council has one member of staff and payroll costs can be verified to the accounting entries for the year.

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**

The assets are shown at cost and proxy cost in an asset register, which confirms the total entered onto the AGAR. The register also shows insurance value which is relatable to the insurance schedule. There were no additions or disposals during the year.

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 RECONCILIATIONS**

The council has two bank accounts which are reconciled monthly and reported to council on a quarterly basis. The bank reconciliation as at 31st March 2020 was verified against year-end bank statements and confirms the figure recorded on the AGAR. There were two outstanding cheques totalling £358 at the year end.

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**

The year-end accounts have been correctly prepared on the receipts and payments basis, with no requirement of 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 council will submit the certificate of exemption as neither its income nor expenditure exceeded £25,000 for the year. The submission figures of gross income of £9,856 and gross expenditure of £9,535 are supported by the accounting records.

The explanation of variances has been completed with sufficient detail and explanations provided for variances in excess of 15% for boxes 3 and 6. At the time of the year-end audit, the AGAR figures presented for checking were as below:

AGAR Box Number		2018/19	2019/20	Auditor Notes
1	Balances brought	22,299	22,011	Correctly carried over from box 7 2018/19

	forward			
2	Precept or rates and levies	8,675	8,675	Confirmed against precept amount received
3	Total other receipts	1,919	1,181	Confirmed against accounting records
4	Staff costs	4,708	4,479	Confirmed against accounting records
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	6,174	5,056	Confirmed against accounting records
7	Balances carried forward	22,011	22,332	Total correctly equals (1+2+3) – (4+5+6)
8	Total value of cash and short-term investments	22,011	22,332	No difference as accounts prepared on receipts and payments basis
9	Total fixed assets plus long term investments and assets	10,552	10,552	Total matches asset register
10	Total borrowings	0	0	Council has no borrowing

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. TRUSTESHIP**

The council has no trusts.

#### **L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**

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 came into force on 30 April 2020.

The relevant dates as set by Woodmancote Parish Council are set out in the table below.

<b>Inspection - Key date</b>	<b>2018/19 Actual</b>	<b>2019-20 Proposed</b>
<b>Accounts approved at full council</b>	11 June 2019	12 May 2020
<b>Date Inspection Notice Issued</b>	14 June 2019	2 June 2020
<b>Inspection period begins</b>	17 June 2019	3 June 2020
<b>Inspection period ends</b>	26 July 2019	14 July 2020
<b>Correct length</b>	Yes	Yes
<b>Common period included?</b>	Yes	Yes
<b>Summary of rights document on website?</b>	Yes	Yes

I am satisfied the requirements of this control objective were met for 2018-19, and assertion 4 on the annual governance statement can therefore be signed off by the council.

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

Kind regards  
Yours sincerely

*A Beams*  
**Andy Beams**