



Mrs L Chater  
Apuldram Parish Meeting  
1 Charlmead  
East Wittering  
Chichester  
West Sussex  
PO20 8DN

23 April 2024

Dear Louise

**Re: Apuldram Parish Meeting**  
**Internal Audit Year Ended 31 March 2024 – Year-End Audit report**

**Executive summary**

Following completion of our year-end internal audit on 23 April 2024 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 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 this is available on request. The report concludes with an opinion as to whether each assertion has been met or not. Where appropriate **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, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Apuldram Parish Meeting are well established and followed.

**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 & Co, who has over 30 years' experience in the financial sector with the last 13 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**

An engagement letter was previously issued to the council covering the 2023/24 internal audit assignment. Copies of this document are available on request.

### **Planning and inherent risk assessment**

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. 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**

The audit was conducted on site with the Clerk, who took over the role in November 2023. She is an experienced Clerk and is using that knowledge and experience to ensure the Parish Meeting complies with the statutory requirements, and in many instances is now doing more than required to provide greater transparency to the public.

An ongoing process of reviewing and updating core documents is underway, and once adopted, these will further support the Parish meeting in its processes and decision making. The information requested for the audit was provided in full, and my audit testing showed that these documents were well organised, clear and easy to follow.

## 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**

Many of the normal checks conducted for Parish Councils do not apply to Parish meetings due to their statutory place in the Local Government Sector.

The Parish Meeting has adopted a set of Standing Orders to help govern meetings and procedures, and the Clerk is working on a set of Financial Regulations to ensure payments are properly approved. These core governance documents will support the Parish Meeting and ensure a consistent approach is taken in the future.

I was able to evidence that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting, and the subsequent minutes are loaded on to the website. I note that non-confidential supporting papers are published on the website alongside the agenda, and that draft minutes are made available for review.

Overall, I have the impression that the Parish Meeting is well administered by the Clerk, and he has benefitted from the experience of working at a large, well run, Town Council and translated that knowledge to the Parish Meeting arrangements.

## 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 Parish Meeting has insurance cover in place with Zurich Insurance. The policy provides £10 million of cover for Employer's Liability and Public Liability, and now includes a Fidelity Guarantee cover of £25,000 which is sufficient for the Parish Meeting based on the year end balances.

The Parish Meeting has no formal risk assessment in place, and the requirement for one is less clear than for a Parish Council. However, once the new Financial Regulations have been adopted, this may inform a financial risk assessment to ensure risks are mitigated as far as possible.

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 Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

#### **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 precept for 2023/24 was £3,750. I confirmed that the budget and precept for 2024/25 were approved at a Parish Meeting in January 2024.

At the year-end, the council held £6,600 in an earmarked reserve for Operation Watershed. The remaining balance is held in the general reserve.

The Clerk presents updated budget performance information at every meeting for review, and this provides sufficient information to allow informed financial decisions to be made.

#### **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 received income during the year from grants and donations towards the Coronation Event. These are accurately recorded in the council accounts.

#### **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 Parish Meeting does not use petty cash.

#### **H. ASSETS AND INVESTMENTS**

##### **Internal audit requirement**

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

##### **Audit findings**

The Clerk has created a detailed asset list and updated it with information relating to assets the Parish Meeting owned. The asset register provides details including date of acquisition, original cost, estimate of useful life, location and insurance value.

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) on the AGAR.

## I. BANK AND CASH

### Internal audit requirement

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

### Audit findings

At the year-end audit date, the council had a reconciled bank position across all its accounts, and I was able to confirm bank balances on all accounts to the relevant bank statements for 31 March 2024.

## 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 (ANNUAL ACCOUNTS).**

### Section 1 – Annual Governance Statement

Based on the internal audit finding I recommend using the table below as the basis for that discussion.

	<b>Annual Governance Statement</b>	<i>'Yes', means that this authority</i>	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>	<b>YES</b> – 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>	<b>YES</b> – 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>	<b>YES</b> – the Clerk 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>	<b>YES</b> – the requirements and timescales for 2022/23 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>	<b>YES</b> – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective</i>	<b>YES</b> – the council has appointed an independent

	audit of the accounting records and control systems.	<i>view on whether internal controls meet the needs of this smaller authority.</i>	and competent internal auditor.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	<b>YES</b> – matters raised in internal and external audit reports have been addressed.
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>	<b>YES</b> – no matters were raised during the internal audit visits.

### Section 2 – Accounting Statements

AGAR box number		2022/23	2023/24	Internal Auditor notes
1	Balances brought forward	13,158	10,510	Agrees to 2022/23 carry forward (box 7)
2	Precept or rates and levies	3,750	3,750	Figure confirmed to central precept record
3	Total other receipts	957	1,225	Agrees to underlying accounting records
4	Staff costs	2,538	2,180	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	0	0	Confirmed to PWLB documents
6	All other payments	4,817	2,148	Agrees to underlying accounting records
7	Balances carried forward	10,510	11,157	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	10,510	11,157	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long-term investments and assets	0	6,137	Matches asset register total and changes from previous year have been traced
10	Total borrowings	0	0	Confirmed to PWLB documents

#### 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 total on the Certificate of Exemption against the accounting records as:

Total annual gross income       £4,975

Total gross annual expenditure   £4,328

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2022/23 and published on the council website.

The variance analysis has been completed to explain the variances exceeding 15% where required, and although this is not required by the External Auditor, it is good practice to complete the form to fully understand the year-on-year variations.

**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 correctly declared itself exempt in 2022/23 as both its income and expenditure were below £25,000.

The council will again declare itself exempt for 2023/24 and submit the Certificate of Exemption to the External Auditor.

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

*The authority has demonstrated that during summer 2023 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	2023/24 Proposed
Date inspection notice issued	24 May 2024	31 May 2023
Inspection period begins	3 June 2024	6 June 2023
Inspection period ends	12 July 2024	17 July 2023
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	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.

I was able to confirm that the proposed dates for 2023/24 meet the statutory requirements.

**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**

The council correctly certified itself exempt from a limited assurance review and did not receive an External Auditor’s Certificate but has published other documentation in accordance with the regulations.

**Achievement of control assertions at year-end audit date**

Based on the tests conducted during the year-end audit, our conclusions on the achievement of the internal control objectives are summarised in the table below and are reflected in the completion of the Annual Internal Audit Report within the AGAR.

	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			✓
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 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>	✓		
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.	✓		

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

Yours sincerely



**Andy Beams**

**Mulberry Local Authority Services Ltd**

**Year-End Audit - Points Carried Forward**

Audit Point	Audit Findings	Council comments
None		