



## MULBERRY & CO

Chartered Certified Accountants  
Registered Auditors  
& Chartered Tax Advisors

9 Pound Lane  
Godalming  
Surrey, GU7 1BX

t + 44(0)1483 423054  
e office@mulberryandco.co.uk  
w www.mulberryandco.co.uk

Our Ref: MARK/SOM001

Mrs C Stephenson  
Sompting Parish Council  
Old School House  
Harriet Johnson Centre  
Loose Lane  
Sompting  
West Sussex  
BN15 0BG

Date 7 October 2019

Dear Carol

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

Following completion of our interim internal audit on the 7<sup>th</sup> October 2019 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 table 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.

**Interim Audit – Summary Findings**

At the interim 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 salaries
- Review of fixed asset register

It is our opinion that the systems and internal procedures at Sompting Parish Council are well established, and followed. The 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 Carol for her assistance 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.

#### **A. BOOKS OF ACCOUNT (INTERIM AUDIT)**

The council continues to use RBS as a day to day accounting package, this is a tried and tested industry specific package and I make no recommendation to change. The system is used regularly to report on and record the financial transactions of the Council. The Clerk is the single user with her own individual logon.

To coincide with the scheduled committee meeting various reports are printed and filed in hard copy, these include but are not limited to; Income and expenditure against budget, cashbooks, bank reconciliations and other reports as fit. This is a clear and easy to follow system and hard copy reports are easy to read and logically filed.

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 01/04/19 and confirmed they could be agreed back to the audited accounts for 2018/19.

The council is not VAT registered. VAT returns are completed on an annual basis and the last submission was for the period ended 31<sup>st</sup> March 2019, which showed a refund position.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

At the interim audit date, 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 AND PAYMENTS (INTERIM AND FINAL AUDIT)**

##### **Interim Audit**

##### *Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit*

The external auditors report was not qualified in 2018/19. The notice of conclusion of audit and audited AGAR have been posted to the council website.

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

The Council did not have elections in May 2019. I confirmed by sample testing that councillors have signed "Acceptance of Office" forms and Register of Members' Interests, in line with regulations. The councillors also sign acceptance to receive information by electronic means.

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

I note that the council is not required by law to follow the 2015 Local Government Transparency Code, however it is recommended that Councils follow the code to demonstrate their willingness to be open and transparent. A review of the web site shows that the code is generally being followed through the publication of the required information.

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

The council is aware of GDPR and has undergone training. It was noted the council has introduced common email addresses internally and for councillors, which is recommended because it gives a natural segregation between personal and councillor business, 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 has the following committees:

- Full Council - meets monthly
- Amenities and Environment - meets Monthly
- Centre - meets bi-monthly
- Planning - meets 2 weekly
- Finance - meets monthly

There is also Malthouse Meadow working party which meets as and when necessary to cover specific tasks within their terms of reference.

*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. 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. It has been noted previously that the supporting documentation referred to in the agendas is not posted to the website, and this was discussed with the Clerk. Due to IT limitations and staff time, this has not yet been implemented. **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](http://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, clearly marked as draft, and subsequently replaced with final versions once approved.

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

The Standing Orders are based on the NALC 2018 model and were adopted by Council on 8<sup>th</sup> May 2019.

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

The Financial Regulations are based on the NALC 2016 model and were adopted by Council on 8<sup>th</sup> May 2019. 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 latest 2019 model version are on the Council agenda for adoption next week.

*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 deals with budgetary control and authority to spend. The council has thresholds in place at which authorisations to spend must be obtained as below:

- The council for all items over £5,000
- A duly delegated committee of the Council for items over £1,001 - £4,999
- The Clerk for any items up to and including £1,000
- The Centre Manager for items to and below £300 under defined conditions

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations. Sample checking of payments from September 2019 confirm correct processes are being followed, with invoices and payments being properly authorised.

Financial regulation 6 deals with making payments. The council makes payments predominately online, with some direct debits and the occasional cheque. Agreement to make payments by direct debit was re-confirmed by Council at the September 2019 meeting. The Council does not have either e debit or credit card facility.

Financial regulation 7 deals with approval and authorisation of salaries, the minutes and files show evidence of authorisation of changes and of wages generally.

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

The council has no section 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.

At the interim audit date, 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 (INTERIM AND FINAL AUDIT)**

#### **Interim Audit**

Previous internal audit reports confirm a risk management policy is in place, although it could not be located at the interim audit date. To be checked at year-end audit.

### **D. BUDGET, PRECEPT AND RESERVES (INTERIM AND FINAL AUDIT)**

#### **Interim Audit**

I confirmed that the 2020/21 budget and precept setting process has started. Each committee has held its first meeting to set its initial budget plans, with these expected to be finalised at the next committee meeting. At the November Finance committee, the overall budget will be reviewed with a recommendation for consideration by Council in December.

Council is currently discussing introducing a business plan and associated longer term financial plan.

The Council holds circa £73,000 in general reserves and a further £70,000 in clearly annotated earmarked reserves. Through discussion with the Clerk, all of the earmarked projects are ongoing having been reviewed during the last year. General guidance recommends the Council’s general reserve should be circa 50% of precept. The Council works towards retaining a minimum £50,000 in general reserves.

At the interim audit date, the Council had received 98.5% of its budgeted income and spent 29% of its budgeted expenditure. Expenditure is lower than anticipated due to a number of linked projects being put on hold pending a decision from the District Council regarding the recreation ground.

At the interim audit date, 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 (INTERIM AND FINAL AUDIT)**

### **Interim Audit**

Apart from the precept, the council has various streams of income:

- Room hires
- Grants
- Interest

The precept was received in a single payment in April 2019 and was verified to the bank statement. There is no Council Tax Support Grant.

The council last reviewed its room hire fees in September 2019, with some changes made to party hire fees.

Receipts are issued for any cash received in the office, with a paying in slip completed and banked regularly as required. Amounts are cross checked by the Clerk during the monthly bank reconciliation process.

At the interim audit date, 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 (INTERIM AUDIT)**

The council has a small float of £30, used for small sundry items. Audit testing showed the expenditure recorded to be as expected and reasonable. The petty cash is balanced approximately every two months.

I am of the opinion the control objective of “Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for” has been met.

## **G. PAYROLL (INTERIM AND FINAL AUDIT)**

### **Interim Audit**

The council uses an external firm to calculate the tax and national insurance. There are no pensions as all employees have opted out. Employees are paid with reference with NJC scales for consistency purposes.

All council employees are paid through the payroll for all council work undertaken. No employees are paid separately for any other council work undertaken. There are no councillor allowance payments made.

At the interim audit date, I am of the opinion 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 (INTERIM AND FINAL AUDIT)**

### **Interim Audit**

The council has a fixed asset register in place. Assets are correctly stated at historic or proxy cost. The fixed asset register has been maintained in an Excel spreadsheet. The asset register was up to date with all relevant assets as at the current financial year end. The only recommendation would be to consider the addition of a column confirming the date the assets were last physically vouched.

At the interim audit date, 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 AND CASH (INTERIM AND FINAL AUDIT)**

### **Interim Audit**

At the interim audit date the council had a reconciled bank position which has been signed in accordance with Financial Regulations and reported to Council. I have reviewed the reconciliation and there were no errors.

At the interim audit date, 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 (FINAL AUDIT)**

To be tested at year end.

## **K. TRUSTEESHIP (INTERIM AUDIT)**

The council has no trusts.

## **L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)**

To be tested at year end.

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

Kind regards

Yours sincerely

*A Beams*

Andy Beams