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Our Ref: MARK/SAL002

Mrs E Sherry
Salisbury City Council
The Guildhall
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Salisbury
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SP1 1JH

12th October

Dear Estelle

Re: Salisbury City Council
Internal Audit Year Ended 31 March 2023 – Interim Audit report

Executive summary

Following completion of our interim internal audit on the 6th October 2022 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 at the interim audit. 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 Salisbury City Council 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 MARK Mulberry of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor has over 30 years' experience in the financial sector with the last 20 years specialising in local government finance and internal audit.

Engagement Letter

An engagement letter was previously issued to the council covering the 2022/23 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. As part of the inherent risk assessment, we have concluded that:

- There have been no reported instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover

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 Council continues to use the Exchequer accounting package for recording and reporting on the financial transactions of that of the council. This is not an industry specific package and as such is augmented by excel for reporting to council. This is hosted on the cloud with One Advanced.

The system is used daily by the finance team to record the transactions of that of the council and a review of the nominal ledger shows that all data fields are being populated and that the details are such that a reader of the accounts can gain an understanding of the nature and scope of the transactions.

There are four members in the finance team, the RFO and 3 senior finance / finance officers. Each user logs on with their own individual logon. The system is set that passwords must be updated every couple of months.

The responsibilities of each member are but are not limited to:

- RFO; Payroll, VAT, budgets, oversight, reporting to council, journals, charitable funds and investments – although Payroll and HR may be split out to a new employment roll.
- Senior Finance / Finance Officers (3 - part time roles); journals, , insurance, credit control, bank reconciliation, payment runs, sales and purchase ledger, credit control, banking & bank reconciliation

Every month, various reports are printed and filed in hard copy, these include but are not limited to, Income and expenditure against budget, cashbooks, and bank reconciliations. The reports contain sufficient information to enable the reader to drill down to the transaction level should this be required. The hard copy reports are easy to read and logically filed.

I performed walk through testing on randomly drawn items of income & expenditure drawn from the budget monitoring spreadsheet at month 3 and walked back to the underlying supplier documentations as shown in the table below; with assistance I was able to verify to the underlying hard copy documentation. The hard copy documentation was appropriately annotated and there was no indication that substantive testing was required to prove correct classification of income and expenditure lines. This is a clear and easy to follow system and I make no recommendation to change.

Company Name	Invoice Date	REF	Invoice number	Value £	Notes
PWLB	23/5/22	NOM6635		£19,482.30	Invoice annotated and countersigned
FT Crematoria and incineration	11/4/22	PIN33459	22101447	£17,392.05 +vat	Invoice annotated and countersigned.
FT Crematoria and incineration	30/3/22	PIN33685	22101300	£4,334+vat	Invoice annotated and countersigned.
Link	17/6/22	PIN34149	Inv-0313	£1,575.00+ vat	Invoice annotated and countersigned.
Sales invoice	01/7/22	SIN045336	8440	£925	Agrees to invoice and standard charge

With the assistance of the Finance manager, I tested the opening balances as at 1/4/22 and confirmed they could be agreed back to the audited accounts for 2021/22.

I confirmed that the Council's VAT returns are up to date, with the VAT return for the June quarter submitted on the 27th July. This showed a refund due of £144,754.92. This was refunded on the 2nd August. The council's software is VAT MTD compliant.

A review of the HMRC Gateway account shows that both VAT and PAYE returns are up to date.

Overall, I have the impression that the accounting systems are well ordered, routinely maintained and that there are sufficient internal controls to reduce the inherent risk of error misstatement to a low level. I feel the internal controls of the council can be relied upon and I make no recommendation to change.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

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 2021/22 was not qualified and has been published on the council website along with the Notice of Conclusion of Audit form. This will go to full council in November.

I also noted council acceptance of the internal audit report for 2022 minute ref 1172.

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 provides a link to the Lewes District Council website where details of the Disclosable Pecuniary Interests of each Member are published. I noted that the list has been updated to include the two most recent councillors.

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 council has a privacy & accessibility statement linked on its web site home page. It is clear the council takes its responsibilities seriously and has made every effort to comply with the legislation.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has an established committee structure, with Terms of Reference in place for each committee alongside a detailed Scheme of Delegation. There are regular scheduled meetings, with details of older meeting agendas and minutes published on the website, along with a diary of upcoming meeting dates.

Minutes are prepared for all meetings of the Council and its committees.

- Full Council; 6 times per annum
- Finance & Governance – 3 times per annum
- Services – 5 times per annum
- Planning – 4 weekly
- Personnel – as and when

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

The Finance manager was able to demonstrate 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. It was noted that supporting documentation for agendas is also published on the council website.

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 marked as draft. These are 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 model, with local additions made appropriate to the set up and running of the City Council. They were last reviewed and updated by council in May 2022 minute ref 1153.

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

Financial regulations are based on the NALC model. They were last reviewed and adopted by council in June 2022. Minute ref 1173. 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, which are an example of the alterations to the NALC model, as below:

*FR 4.1 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is determined by the City Clerk, and detailed in the Financial Authorisation Limits for Staff. Such authority is as stated in the Minutes of the Policy and Resources Committee** held on 11 July 2016. Contracts may not be disaggregated to avoid controls imposed by these regulations. (** now the Finance and Governance Committee).*

FR 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that service area other than by resolution of Finance and Governance Committee. During the budget year, the RFO, with approval from the City Clerk, and having considered fully the implications for public services, may move unspent and available amounts to other budget headings or to an earmarked reserve as appropriate ("virement"). All budget virements exceeding £50,000 will be reported to Finance and Governance Committee.

FR 11.8 When the Council is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than as are excepted in Regulation 11.1 above, three quotations shall be obtained. Where the value is below £10,000 and above £500 officers will strive to obtain three estimates.

Based on the level of financial activity of the council, these authorisation thresholds appear appropriate, and during the interim audit I found no evidence of them not being adhered to. We tested the purchase of a mower in April 2022. There was evidence of quotes on the system

There is regular detailed financial reporting to council and committee meetings, and it is clear a large amount of work goes into producing reports for consideration by councillors. Financial reports are clear and provide enough information for councillors to make informed financial decisions.

There have been no changes to the purchase system since last year. Invoices when received are signed off and coded by the RFO and annotated with a unique transaction number, ready for payment. Invoices are paid weekly using system generated reports to show which invoices are due. The hard copy invoices are cross ticked to the payment report and processed for payment on the financial package. A file is then uploaded to HSBC from the finance package that automatically sets up the payment. This is then dual authorised on the bank web page by two separate authorised individuals. The hard copy invoice is annotated with the payment run number and filed in the paid files in transaction number order.

The council can make payments by cheque, direct debit and bacs. Cheques must be signed by RFO and Clerk [generally cheques are only used for petty cash re-imburement], interbank transfers can be made by the RFO and Clerk. Internet payments are made via the bank website, the bank is set such that the originator cannot individually authorise the same transaction, so there is a natural segregation of duties and control in place. Admin changes must be authorised by an officer.

In performing the walk through tests above, I noted that there is sufficient segregation of duties within the system and that there are processes in place to allow for the hierarchical authorisation of purchase orders/invoices. I was also able to confirm that VAT is properly accounted and the invoice level.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.41 per elector.

The council has adopted the General Power of Competence (GPC) and the thresholds do not apply.

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.

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 has a comprehensive risk management process in place, which is due for further review and update in October 2022.

The council has a business continuity plan dated 2015, this should be reviewed and readopted annually.

I confirmed that the council has valid insurance policies in place with various providers. The Council reviews its insurance requirements as part of the renewal process. Money and asset cover appear adequate.

We discussed assertion 8 of the AGAR and whether this had any impact on the council. There are insurance claims outstanding, but these are covered by the policy.

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

There is clear and unambiguous minuting of full council approving the budget and precept amount in its January 2022 meeting [minute ref 1124]

I confirmed that the 2023/24 budget and precept setting process was underway at the time of our interim audit, with all precepting authority deadlines achievable. A review of the finance managers emails shows discussion and agreement of the same.

The Finance manager has adopted a revised layout to make presentation easier to read. I applaud this new layout.

In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £1.2m. I was pleased to see the detailed working and council verification of the reserves working.

The council has £500k in earmarked reserves, the general reserve at the audit date is circa £1m however, this this is likely to be the same at the year-end date as income and expenditure will be even. This is in line with rule of thumb calculations but does not leave the council any scope for increasing earmarked reserves or for future projects.

I have confirmed that in accordance with Financial Regulations, regular reporting of budget against expenditure is carried out and reviewed in detail at Committee meetings.

The council has an adopted an Investment Strategy.

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

The council has multiple income sources to support the precept, room, land and property rental, car parking and facility hire income and other miscellaneous sources. A review of the nominal ledger report and cashbooks shows income is clearly recorded with sufficient narrative description to identify the source.

The Finance Manager confirmed that a review of fees and charges was conducted in January 2022. I was able to see on the nominal ledger that the amounts charged agreed to the charges sheet.

I have tested the receipt of the precept to third party documentation.

The council has £157,857.88 in aged debtors as at the audit date of which £26k is over 4 months. There is one bad debt of £7k which is known about and being pursued. Bad debts are regularly chased up, reported to council and where necessary legal proceedings.

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 maintains a small petty cash float, used for incidental expenses. Petty cash records are retained in an Excel spreadsheet and the physical cash is checked and balanced at the end of each month by the Finance Assistant. The spreadsheet is shared with councillors and the Finance Manager and RFO, and the councillors confirm the accuracy via email.

The balance at the 5/9/22 was £140.73.

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

Previous internal audits have confirmed that all employees have a signed contract of employment, based on the NALC model, and are paid in accordance with the NJC salary scales. There are councillor allowances which are paid via the payroll.

A review of the payroll summaries and payslips presented for interim audit shows that PAYE, NI and Pension deduction amounts appear correct, and the council is up to date with its HMRC payments.

I tested the tax deduction at month 6 for an employee drawn at random – there were no errors.

The employment allowance is not claimed. This is correct.

The Government gateway account was reviewed on-line and this showed the council to be up to date with its filings and liabilities.

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 which includes details of asset location, cost or proxy cost and replacement values. The register includes columns for additions and deletions during the year to make changes easier to track.

A check of the register to ensure it is up to date and matches the AGAR information will be completed at the year-end audit.

The council has PWLB borrowing, and confirmation of the repayments and year-end balances will be checked at the year-end audit.

However, in terms of a working document for facilities management – this document falls short of containing sufficient information. I would recommend that the following as a minimum.

- 1. Details regarding the purchase of the asset, date purchased or obtained, name of supplier, invoice number if applicable, cost of the item,**

2. A column to show the insurance value of the asset, this will show if the asset is under or over insured or indeed insured at all, together with showing if assets are being insured that are not on the register.
3. A replacement value estimate. This will give an indication as to the level of expenditure required to replace assets so that a determination can be made as to whether an earmarked reserve would be appropriate.
4. Last physically vouched indicator – this would correspond with financial regulation 14.4 that states an annual review should take place.

The loan interest and capital repayments were agreed to PWLB debt management letters. There were no errors.

The Council does not hold any long term investments i.e. over 1 year. Any addition to the asset register is normally with a cost value greater than £1,000.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

The Bank reconciliations are completed on a monthly basis by a member of the finance team and reviewed by the RFO independently checked and presented to the Finance & Governance committee meetings for review.

I reviewed the reconciliations presented for the period April to August 2022 and was able to confirm the balances to the bank statements and found no errors. I also noted evidence of councillor review by the Chair of finance and governance.

The councils own financial regulations at FR 2.2 state, *“On a regular basis, at least once in each quarter, and at financial year end, the Chair of the Finance and Governance Committee shall verify bank reconciliations produced by the RFO. The Chair shall sign the reconciliations as evidence of verification. Any material discrepancies shall be reported to the Finance and Governance Committee.”*

Due to the council’s budget exceeding €500,000, it does not benefit from any protection form the Financial Services Compensation Scheme (FSCS). However, it is clear the council carefully considers its banking arrangements and has an adopted Investment Strategy dated 2020 which was reviewed in March 2021. This is published on the council website.

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**Section 1 – Annual Governance Statement**

	Annual Governance Statement	<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>	YES – income & expenditure accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk is experienced and advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	YES – the requirements and timescales for 2020/21 year-end were followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	YES – the council has appointed an independent and competent internal auditor has completed two audits during the year.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	YES – where matters are raised, action taken by council is recorded in the minutes.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our	<i>has met all of its responsibilities where, as a body corporate, it is a</i>	YES – the council has met its responsibilities.

accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>sole managing trustee of a local trust or trusts.</i>	
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Section 2 – Accounting Statements

Agar Box Number		2020/21	2021/22	Auditor Notes
1	Balances brought forward	1,724,570	1,676,973	Agrees to cfwd
2	Precept or Rates and Levies	3,064,133	3,050,792	Agrees to third party evidence provided to auditor
3	Total other receipts	2,087,378	2,846,124	Agrees to underlying records – need to adjust for grant income for VP tennis gates
4	Staff costs	1,663,647	1,707,112	Agrees to underlying records
5	Loan interest/capital repayments	231,555	231,555	Agreed to PWLB
6	All other Payments	3,303,906	3,869,968	Agrees to underlying records - need to adjust for grant income for VP tennis gates
7	Balances carried forward	1,676,973	1,765,254	Casts correctly

8	Total value of cash and short term investments	2,249,796	2,446,480	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	18,800,348	18,587,405	Agrees to register
10	Total borrowings	1,559,296	1,368,653	Agreed to PWLB

11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES	NO	N/A	Yes the council has fulfilled its obligations
		✓			

The year-end accounts have been correctly prepared on the income & expenditure basis with a box 7 & 8 reconciliation properly completed. The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the prior year.

The variance analysis is required because there are variances greater than 15% and £500. This has been correctly prepared on a tabular basis with narrative.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick “not covered”)

Audit findings

The council did not certify itself exempt in 2021/22 due to exceeding the income and expenditure limits and this test does not apply.

L: TRANSPARENCY**Internal audit requirement**

The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements

Audit findings

The council has income and expenditure in excess of £200,000 and as such is required to follow the “Local Government Transparency Code 2015” which is recommend practice not law.

Code requires local authorities in England to publish the following information quarterly:

Expenditure exceeding £500	On the website
Government Procurement Card transactions	On the website
Procurement information	On the website

Additionally, local authorities are required to publish the following information annually:

Local Authority Land	On the website
Social Housing Assets	On the website
Grants to voluntary, community and social enterprise organisations	On the website
Organisational Chart	On the website
Trade union facility time	On the website
Parking account	On the website
Parking spaces	On the website
Senior salaries	On the website
Constitution	On the website
Pay multiple	On the website
Fraud	On the website

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

The authority, during the previous year (2021-22) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set

Audit findings

Inspection - Key date	2020/21 Actual	2021/22 Proposed
Date Inspection Notice Issued and how published	30th June 2021	29 th June
Inspection period begins	1st July 2021	30 th June
Inspection period ends	11th August 2021	10 th August
Correct length	yes	yes
Common period included?	yes	yes
Summary of rights document on website?	Attached to inspection announcement	Attached to inspection announcement

I am satisfied the requirements of this control objective were met for 2021/22, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

The council plans to sign the AGAR at the meeting to be held on 27th June 2022.

N: PUBLICATION REQUIREMENTS

Internal audit requirement

The authority has complied with the publication requirements for 2021/22. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2022 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 2021/22, approved and signed, page 4*
- *Section 2 - Accounting Statements 2021/22, approved and signed, page 5*

Not later than 30 September 2022 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 publication requirements for 2021/22 have been met and the Notice of Public Rights is published on the council website.

O. TRUSTEESHIP

Internal audit requirement

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

Audit findings

The council is sole managing trustee of 1 trust.

1081377 – Lower Bemberton Recreation Ground and Endowment Fund – has income and expenditure – all filings up to date to 31st March 2021.

The mayoral charitable funds are not paid into the council bank accounts

The trust has separate meetings and agendas.

Achievement of control assertions at interim audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives are summarised in the table below. A further review and update of this opinion will be conducted at the final audit.

	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 financial 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 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>			✓
L	The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M	The authority, during the previous year (2021-22) 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 2021/22 AGAR.	✓		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

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

Yours sincerely



Mark Mulberry
For Mulberry & Co

Interim Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
Risk	The council has a business continuity plan dated 2015, this should be reviewed and readopted annually.	
Fixed Assets	<p>in terms of a working document for facilities management – this document falls short of containing sufficient information. I would recommend that the following as a minimum.</p> <ol style="list-style-type: none"> 1. Details regarding the purchase of the asset, date purchased or obtained, name of supplier, invoice number if applicable, cost of the item, 2. A column to show the insurance value of the asset, this will show if the asset is under or over insured or indeed insured at all, together with showing if assets are being insured that are not on the register. 3. A replacement value estimate. This will give an indication as to the level of expenditure required to replace assets so that a determination can be made as to whether an earmarked reserve would be appropriate. 4. Last physically vouched indicator – this would correspond with financial regulation 14.4 that states an annual review should take place. 	