

Certificate of Exemption – AGAR 2021/22 Form 2

To be completed by smaller authorities where the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ended 31 March 2022, and that wish to certify themselves as exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

There is no requirement to have a limited assurance review or to submit an Annual Governance and Accountability Return to the external auditor, **provided** that the authority has certified itself as exempt at a meeting of the authority after 31 March 2022 and a completed Certificate of Exemption is submitted no later than **30 June 2022** notifying the external auditor.

HEADLEY PARISH COUNCIL

certifies that during the financial year 2021/22, the higher of the authority's total gross income for the year **or** total gross annual expenditure, for the year did not exceed **£25,000**

Total annual gross income for the authority 2021/22: **£14,905**

Total annual gross expenditure for the authority 2021/22: **£14,507**

There are certain circumstances in which an authority will be **unable to certify itself as exempt**, so that a limited assurance review will still be required. If an authority **is unable to confirm the statements below then it cannot certify itself as exempt** and it **must** submit the completed Annual Governance and Accountability Return Form 3 to the external auditor to undertake a limited assurance review for which a fee of **£200 +VAT** will be payable.

By signing this **Certificate of Exemption** you are confirming that:

- The authority was in existence on 1st April 2018
- In relation to the preceding financial year (2020/21), the external auditor **has not**:
 - issued a public interest report in respect of the authority or any entity connected with it
 - made a statutory recommendation to the authority, relating to the authority or any entity connected with it
 - issued an advisory notice under paragraph 1(1) of Schedule 8 to the Local Audit and Accountability Act 2014 ("the Act"), and has not withdrawn the notice
 - commenced judicial review proceedings under section 31(1) of the Act
 - made an application under section 28(1) of the Act for a declaration that an item of account is unlawful, and the application has not been withdrawn nor has the court refused to make the declaration
- The court has not declared an item of account unlawful after a person made an appeal under section 28(3) of the Act.

If you are able to confirm that the above statements apply and that the authority neither received gross income, nor incurred gross expenditure, exceeding £25,000, then the Certificate of Exemption can be signed and a copy submitted to the external auditor **either** by email **or** by post (not both).

The Annual Internal Audit Report, Annual Governance Statement, Accounting Statements, an analysis of variances and the bank reconciliation plus the information required by Regulation 15 (2), Accounts and Audit Regulations 2015 including the period for the exercise of public rights still need to be fully completed and, along with a copy of this certificate, published on the authority website/webpage* before 1 July 2022.

By signing this certificate you are also confirming that you are aware of this requirement.

Signed by the Responsible Financial Officer

Date



11/05/2022

I confirm that this Certificate of Exemption was approved by this authority on this date:

30/05/2022

Signed by Chairman

Date



30/05/2022

as recorded in minute reference:

7

Generic email address of Authority

clerk@headley-pc.gov.uk

Telephone number

07778546477

*Published web address

www.headley-pc.gov.uk

ONLY this Certificate of Exemption should be returned EITHER by email OR by post (not both) as soon as possible after certification to your external auditor, but no later than 30 June 2022. Reminder letters incur a charge of £40 +VAT

Annual Internal Audit Report 2021/22

HEADLEY PARISH COUNCIL

www.headley-pc.gov.uk

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

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 assessed 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.			None ✓
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 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")	✓		
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 (2020-21) 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).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

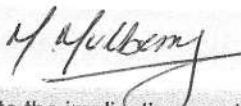
Date(s) internal audit undertaken

11/05/2022

Name of person who carried out the internal audit

Mark Mulberry BA (Hons) FCCA CTA

Signature of person who carried out the internal audit



Date

11/05/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

HEADLEY PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

	Agreed		‘Yes’ means that this authority:
	Yes	No	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
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.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
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.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority’s accounts.
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.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		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.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
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.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			has met all of its responsibilities where as a body corporate it is a sole managing trustee of a local trust or trusts.

*For any statement to which the response is ‘no’, an explanation must be published

This Annual Governance Statement was approved at a meeting of the authority on:

28/03/2022

and recorded as minute reference:

7

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman



Clerk



Other information required by the Transparency Code (not part of the Annual Governance Statement)

The authority website/webpage is up to date and the information required by the Transparency Code has been published.

Yes	No
✓	

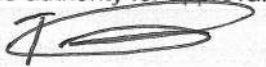
www.headley-pc.gov.uk

Section 2 – Accounting Statements 2021/22 for

HEADLEY PARISH COUNCIL

	Year ending		Notes and guidance	
	31 March 2021 £	31 March 2022 £		
1. Balances brought forward	25,054	30,618	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.	
2. (+) Precept or Rates and Levies	13,500	13,500	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.	
3. (+) Total other receipts	2,973	1,405	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.	
4. (-) Staff costs	5,514	5,318	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.	
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).	
6. (-) All other payments	5,395	9,189	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).	
7. (=) Balances carried forward	30,618	31,016	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).	
8. Total value of cash and short term investments	30,618	31,016	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.	
9. Total fixed assets plus long term investments and assets	64,013	64,227	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.	
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).	
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	N/A	The Council as a body corporate acts as sole trustee for and is responsible for managing Trust funds or assets.
			✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.
Signed by Responsible Financial Officer before being presented to the authority for approval


Date 11/05/2022

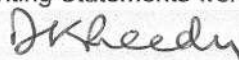
I confirm that these Accounting Statements were approved by this authority on this date:

30/05/2022

as recorded in minute reference:

7

Signed by Chairman of the meeting where the Accounting Statements were approved



HEADLEY PARISH COUNCIL

NOTICE OF PUBLIC RIGHTS AND PUBLICATION OF ANNUAL GOVERNANCE & ACCOUNTABILITY RETURN (EXEMPT AUTHORITY)

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Local Audit and Accountability Act 2014 Sections 25, 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)
The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 (SI 2020/404)

NOTICE

1. Date of announcement – 9th June 2022

2. Each year the smaller authority prepares an Annual Governance and Accountability Return (AGAR). The AGAR has been published with this notice. It will not be reviewed by the appointed auditor, since the smaller authority has certified itself as exempt from the appointed auditor's review.

Any person interested has the right to inspect and make copies of the AGAR, the accounting records for the financial year to which it relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2021, these documents will be available on reasonable notice by application to:

Tracy Hamer, Clerk & RFO
Email: clerk@headley-pc.gov.uk
Tel: 07778 546477

Commencing on **Monday 13 June 2022** and ending on **Friday 22 July 2022**

3. Local government electors and their representatives also have:

- The opportunity to question the appointed auditor about the accounting records; and
- The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority.

The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.

4. The smaller authority's AGAR is only subject to review by the appointed auditor if questions or objections raised under the Local Audit and Accountability Act 2014 lead to the involvement of the auditor. The appointed auditor is:

PKF Littlejohn LLP (Ref: SBA Team)
15 Westferry Circus
Canary Wharf
London E14 4HD
(sba@pkf-littlejohn.com)

5. This announcement is made by Tracy Hamer, Clerk & RFO

Explanation of variances – pro forma

Name of smaller authority: **Headley Parish Council**

County area (local councils and parish meetings only):

Insert figures from Section 2 of the AGAR in all **Blue** highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- New from 2020/21 onwards:** variances of £100,000 or more require explanation regardless of the % variation year on year;
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2020/21 £	2021/22 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input, DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	25,054	30,618				Explanation of % variance from PY opening balance not required - Balance brought forward agrees	
2 Precept or Rates and Levies	13,500	13,500	0	0.00%	NO		
3 Total Other Receipts	2,974	1,405	-1,569	52.76%	YES		20/21 Cil = £1,515, Cil 21/22 = Nil
4 Staff Costs	5,514	5,318	-196	3.55%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	5,396	9,189	3,793	70.29%	YES		Insurance price increase of £275, Newsletters £600
7 Balances Carried Forward	30,618	31,016			YES	VARIANCE EXPLANATION NOT REQUIRED EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL TAXATION/LEVIES	
8 Total Cash and Short Term Investments	30,618	31,016				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	64,013	64,227	214	0.33%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

Date: 04/04/2022

Headley Parish Council

Page 1

Time: 09:10

**Bank Reconciliation Statement as at 31/03/2022
for Cashbook 1 - Lloyds Bank Accounts**

User: TRACY

<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Current Account	31/03/2022		2,070.70
			<u>2,070.70</u>
<u>Unpresented Cheques (Minus)</u>		<u>Amount</u>	
		0.00	
			<u>0.00</u>
			2,070.70
<u>Receipts not Banked/Cleared (Plus)</u>			
		0.00	
			<u>0.00</u>
			2,070.70
		Balance per Cash Book is :-	2,070.70
		Difference is :-	0.00

Date: 04/04/2022

Headley Parish Council

Page 1

Time: 09:11

**Bank Reconciliation Statement as at 31/03/2022
for Cashbook 2 - Savings Account**

User: TRACY

<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Savings Account	31/03/2022		28,945.02
			<u>28,945.02</u>
<u>Unpresented Cheques (Minus)</u>		<u>Amount</u>	
		0.00	
			<u>0.00</u>
			28,945.02
<u>Receipts not Banked/Cleared (Plus)</u>			
		0.00	
			<u>0.00</u>
			28,945.02
		Balance per Cash Book is :-	28,945.02
		Difference is :-	0.00



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/HEA003

Mrs T Hamer
Headley Parish Council
The Farmhouse
Floods Farm
Sherfield on Loddon
HOOK
RG27 0AA

11th May 2022

Dear Tracy

Re: Headley Parish Council
Internal Audit Year Ended 31st March 2022

Executive Summary

Following completion of our audit on the 11th May 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 tables at the end of the report.**

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, followed by recommended minimum testing requirements. Each section is then concluded with an opinion as to whether the assertion has been met or not.

Audit Summary

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor, 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 very seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose.

We have reviewed the AGAR and underling documentation and we are of the opinion the exemption certificate is ready for approval by council and submission to the external auditor.

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 & 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 is a qualified practicing accountant with over 20 years’ experience as a registered statutory auditor.

Engagement Letter

An engagement letter was issued In September 2021 covering the 2021/22 internal audit assignment. Copies of this document are available on request.

Planning & Inherent Risk Assessment

The scope and plan of works including fee structure was issued to the council on the 1st September 2021 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.

- There have been no 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 my 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.

Contents

A. BOOKS OF ACCOUNT	4
B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS	4
C. RISK MANAGEMENT & INSURANCE	6
D. BUDGET, PRECEPT & RESERVES	6
E. INCOME	6
F. PETTY CASH	7
G. PAYROLL	7
H. ASSETS AND INVESTMENTS	7
I. BANK & CASH	8
J. YEAR END ACCOUNTS	8
K. LIMITED ASSURANCE REVIEW	10
L: TRANSPARENCY	10
M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS	11
N. PUBLICATION REQUIREMENTS	12
O. TRUSTEESHIP	12

A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

The council uses RBS Alpha for recording the day to day transactions of that of the council. This is a tried and tested local authority accounting package. On average there are approximately a half dozen transactions per month and the package is populated on a regular basis. The clerk produces in hard and soft copy a bi-monthly bank reconciliation, a payment list and authorisation list together with bi-monthly budget monitoring.

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 1/4/21 and confirmed they could be agreed back to the audited accounts for 2020/21.

The Council is not VAT registered and £433 VAT was received in year. The amounts shown on the return could be agreed to the underlying accounts.

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

B. FINANCIAL REGULATIONS, GOVERNANCE & 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.

Check the publication & minuting of the prior year audited AGAR and notice of conclusion of audit.

The AGAR was taken to council and minuted in May 2021 and the website was populated with the correct information.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that Councillors sign "Acceptance of Office" forms, register of members interests and notification to receive information by electronic means, all in line with regulations.

Confirm that the Council is compliant with the GDPR.

The council is aware of GDPR and the website has an easy to find accessibility and privacy statement. . The council has common contact council emails.

Confirm that the Council meets regularly throughout the year

Full Council; meets circa bi monthly

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

The agendas on the web site show that at least 3 clear days' notice is given of the meeting.

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

Minutes are uploaded to the council website.

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.

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

Financial regulations are based on the NALC model and are dated September 2021. 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. These were reviewed and re adopted by council in January 2022 full council meeting.

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

The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below.

- £25,000 + Tender Process
- £3,000 - £25,000 3 quotations are required.
- £100 - £3,000 – strive to get 3 estimates
- 0 - £100 – power to spend

Financial regulation 2.2 deals with bank reconciliations – the clerk was able to demonstrate via the signed minutes this regulation is being followed.

Financial regulation para 3, deals with budgeting – the clerk was able to demonstrate the budget setting process was undertaken in accordance with the regulations.

Financial regulation 4.1 deals with payment authorisation. I discussed the purchasing system with the clerk vis-à-vis financial regulations and ascertained that the regulations are being followed at a local level as described below:

1. Regular and recurring expenditure (rent, rates, wages, light & heat, contractual spend etc.) is known and authorised in advance (budget setting or tender process).
2. An ad hoc expenditure requirement is identified and noted to the clerk – this can be from a number of sources and depending on the financial amount will be discussed in advance with council, committee or chair. This will be noted in the minutes. My audit testing showed via the minutes that there is where appropriate discussion of expenditure before the orders are placed.
3. The order is made by the clerk – councillors are not allowed or permitted to place amend or vary orders.
4. The supplier invoice, when received, is reviewed and then batched ready for the next meeting.
5. Cheques are pre written and taken to the meeting for signing along with verification of supplier invoices. My audit testing showed that supplier invoices are all annotated.
6. Entries made to accounts package at point of writing cheque.

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £8.41 (2021: £8.32) per elector.

The council has made no grants. (2021: £NIL)

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.

I have reviewed the expenditure list which is broadly similar to the prior year after accounting for one of expenditure items. I also reviewed the cashbook for evidence of netting off and significant journal entries, the individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

Section Conclusion

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 & INSURANCE

Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The council has a detailed risk assessment document which was reviewed in January 2022. The document is comprehensive and covers financial and management risks. This is entirely fit for purpose and I make no recommendation to change.

I have confirmed that the Council has a valid insurance certificate. The Council reviews its insurance requirements as part of the renewal process. Asset & money cover appears adequate

D. BUDGET, PRECEPT & 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.

The council has £31,016 of total reserves of which earmarked reserves are £12,395 and £18,621 are general reserves. 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 £7k.

The councils' general reserves are a little high, I would recommend council reviews its reserves in the light of future project delivery.

I can confirm the full council approved the 2022/23 budget and precept requirement in its November 2021 meeting.

Section Conclusion

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

Internal audit requirement

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

The precept income was tested to third part evidence supplied to the auditor and has been correctly disclosed in box two of the AGAR.

All other income has been correctly shown in box 3 of the AGAR and consists of a VAT refund and grant income.

I have reviewed the income list which is broadly similar to the prior year after accounting for one of income items. I also reviewed the cashbook for evidence of netting off and significant journal entries, the individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

There is no evidence to suggest the council should be registered for VAT.

Section Conclusion

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

Internal audit requirement

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

No petty cash

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.

The council uses an external firm to calculate the tax and national insurance. Employees are paid with reference with NJC scales for consistency purposes. I tested the tax deduction for a full time employee – there were no errors.

The amounts shown on the AGAR, were reconcilable to the payroll records, there were no errors.

Monthly and year-end PAYE and NI deductions and returns have been submitted online, on time to HMRC.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken. Councillors are not paid allowances.

Section Conclusion

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

Internal audit requirement

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

The fixed asset register agreed to the AGAR, the register lists the assets, their cost or proxy cost together with insurance values. Assets are correctly stated at historic cost. There have been both additions or disposals in year.

The council has an investment with M&G – the variance between the cost of the investment and current market value is immaterial, both these values are properly shown on the fixed asset and investment register.

Section Conclusion

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 & CASH

Internal audit requirement

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

At the year-end date the council had a reconciled bank position which has been signed in accordance with financial regulations. I have verified the March reconciliation and am under no doubt regulations are properly followed in respect of reconciling the bank.

I have reviewed the reconciliation there were no outstanding payments and no outstanding lodgements.

The council has two bank accounts, with total holdings of £31,016. The movement year on year in bank and cash balances is below the threshold to report on the list of significant variances.

Section Conclusion

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

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.

The council, at its meeting to sign off the year-end accounts, must discuss the Annual Governance Statement and record this activity in the minutes of the meeting. Based on the internal audit finding, I recommend using the table below as the basis for that discussion. THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.

Section 1 – Annual Governance Statement

	Annual Governance Statement	'Yes' means that this authority	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 – receipts and payments 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	<i>made proper arrangements and accepted responsibility for</i>	YES – there is regular reporting of financial

	and detect fraud and corruption and reviewed its effectiveness.	<i>safeguarding the public money and resources in its charge.</i>	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 accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	N/A – the council has no trusts

Section 2 – Accounting Statements

Agar Box Number		2020/21	2021/22	Auditor Notes
1	Balances brought forward	25,054	30,618	Agrees to cfwd
2	Precept or Rates and Levies	13,500	13,500	Agrees to third party evidence provided to auditor
3	Total other receipts	2,973	1,405	Agrees to underlying records – adjustments made for reallocation of income and expenditure to report gross
4	Staff costs	5,514	5,318	Agrees to underlying records

5	Loan interest/capital repayments	0	0	No loans
6	All other Payments	5,395	9,189	Agrees to underlying records – adjustments made for reallocation of income and expenditure to report gross
7	Balances carried forward	30,618	31,016	Casts correctly agrees to balance sheet

8	Total value of cash and short term investments	30,618	31,016	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	64,013	64,227	Agrees to register and additions
10	Total borrowings	0	0	Agreed no loans

11	For Local Councils Only)	YES	NO	N/A
	Disclosure note re Trust funds (including charitable)			✓

The year-end accounts have been correctly prepared on the receipts and payments basis with no requirement for a box 7 & 8 reconciliation.

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.

Section Conclusion

I am of the opinion 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. LIMITED ASSURANCE REVIEW

Internal audit requirement

If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick “not covered”)

The council declared itself exempt in 2020/21 or 2021/22 – I confirm the council meets the criteria.

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.

The council is required to follow the requirements of the Local Government Transparency Code 2015 for small authorities because it has income and expenditure less than £25,000. The code is a legal requirement and requires councils to publish the following data

A review of the council website www.headley-pc.gov.uk shows the following:

Expenditure over £100 – the council lists all its expenditure in the minutes of full council.

End of year accounts – there are links to AGARs on the transparency tab.

Annual Governance Statement – there are links to AGARs on the transparency tab – which contain the statement

Internal Audit Report – there are links to AGARs on the transparency tab – which contain the statement

Councillor responsibilities – details of councillors are published via a link on the website.

Details of public land and buildings – the asset list has been published on the documents tab of the website.

Minutes, agendas and meeting papers of formal meetings – these are published on the agendas and meetings tab, with links to agendas, minutes and additional documents for each meeting.

Section Conclusion

I am of the opinion that the control assertion of *“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:”* has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement

The authority, during the previous year (2020-21) 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).

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require that the statement of accounts prepared by the authority (i.e. the Annual Governance & Accountability Return (AGAR) Part 2), the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.

Inspection - Key date	2020/21 Actual	2021/22 Proposed
Date Inspection Notice Issued and how published	7 th June	9 June 2022
Inspection period begins	14 th June	13 June
Inspection period ends	23 rd July	22 nd July
Correct length	yes	yes
Common period included?	yes	yes
Summary of rights document on	Attached to inspection	Attached to

website?	announcement	inspection announcement
----------	--------------	----------------------------

Section Conclusion

I am of the opinion that the control assertion of *“The authority, during the previous year (2020-21) 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:”* has been met.

N. PUBLICATION REQUIREMENTS

Internal audit requirement

The authority has complied with the publication requirements for 2020/21 AGAR.

A review of the website and the findings above show that the local authority has complied with the regulations in respect of publication.

O. TRUSTEESHIP

Internal audit requirement

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

The council does not have any trusts.

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

Kind regards

Yours sincerely



Mark Mulberry