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Name:	Graham Fairbairn
Email:	Graham@burgesshill.gov.uk
Date & Time:	12/10/2023 09:25:29 AM (BST)
IP Address:	87.75.102.39
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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/BUR008

Mrs S Crirdland
Burgess Hill Town Council
96 Church Walk
Burgess Hill
West Sussex
RH15 9AS

11 October 2023

Dear Steve

Re: Burgess Hill Town Council
Internal Audit Year Ended 31 March 2024 – Interim Audit report

Executive summary

Following completion of our interim internal audit on 11 October 2023 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 Burgess Hill Town 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 Andy Beams of Mulberry & Co, who has over 30 years' experience in the financial sector with the last 13 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Engagement Letter

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

Planning and inherent risk assessment

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR. 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 interim audit was conducted on site with the council's Responsible Financial Officer (RFO). The RFO had prepared the requested information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the RFO and a review of the council website www.burgesshill.gov.uk

The council continues to use the SAGE accounting software for recording the day-to-day financial transactions of the council. This is a standard system used by many Town and Parish Councils and I make no recommendation to change. The system is used regularly to record transactions and produce management information reports for review at council meetings.

Meeting agendas are logically structured and minutes show clear resolutions being made by committees and council.

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 2022/23 was not qualified and has been published on the council website along with the Notice of Conclusion of Audit. The conclusion of the audit will be reported to the council at the November council meeting.

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 details of the individual councillor's Register of Members' Interests forms, although **I note that five councillors (Cllrs Allen, Henwood, Hussain, Eves and Cornish) have not resubmitted a form since the May 2023 election, and these should be updated as soon as possible.**

Confirm that the council is compliant with the relevant transparency code

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so. I note the council publishes financial information on its website which includes information contained within the Transparency Code.

As the council's income and expenditure is below £25,000, it is a statutory requirement to follow the requirements of the Transparency Code for Smaller Authorities. Compliance with this requirement will be tested at the final audit.

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 Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2023) contains updated guidance on the matter as below:

The importance of secure email systems and GOV.UK

5.205. All authorities except parish meetings must now have an official website. To comply with GDPR, councils should provide official email accounts for their councillors as well as for their clerk and other officers.

5.206. *When choosing a domain name for the council's website and emails, many local council websites are appropriately making use of the official GOV.UK domain (for example, ourparishcouncil.gov.uk), with email addresses being linked to that domain.*

5.207. *Using a GOV.UK domain for your council website and email accounts demonstrates the council's official local government status. Members of the public are increasingly cyber security awareness, so a GOV.UK domain can also help to build trust, and credibility and visibly demonstrates authenticity. Many people will now reasonably expect a local council to have a GOV.UK domain name.*

5.208. *For the purposes of user management, councils should ensure that the proper officer can add and remove member and staff email accounts. Commercial 'dashboard' email and web systems offer centralised searching of all data contained within the system for effective compliance with GDPR Subject Access Requests and Freedom of Information Requests.*

The council has a Privacy Notice and Accessibility Statement on its website, and it is clear the council has made every effort to comply with the website requirements.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has a Planning committee and Key Area Group (KAG) meetings for Community Engagement, Customer Services, Finance and Strategic Development. There is also a Grants Award Panel. A schedule of future planned meetings is available on the council website along with historic agendas and minutes for each meeting.

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

I was able to confirm 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.

I note that non-confidential supporting documentation is published alongside the agendas on the council website in accordance with the requirements of the Information Commissioner's Office.

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

At the interim audit last year, I noted in my report *'The Standing Orders are based on the NALC model, although appear to not entirely mirror the most recent version. Some references in the index, such as 'Power of Well-Being' have not been updated, and there is no inclusion of areas added to the NALC model in recent years including 'Responsibilities to provide information' and 'Responsibilities under data protection legislation'. Both these areas were introduced into the NALC model in 2018 and contain statutory requirements which the council must adhere to.'*

I note the council has readopted the Standing Orders most recently in June 2023, but the index still refers to the (now-defunct) Power of Well Being and the missing sections from the current NALC model relating to information and data protection have not been included.

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

The Financial Regulations were most recently re-adopted in June 2023, with an amendment to the two signatory rule included in the newest adopted version. They are based on a version of the NALC model. Although have been amended to suit the size and structure of the council, with detailed additional procedures included in reference to tenders and contracts, and the inclusion of an investment strategy. As with the Standing orders, there are references to outdated legislation, such as within paragraph 27.14 and the reference to the Power of Well Being (which has been replaced by the General Power of Competence) and at the next scheduled review, these references should be updated.

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

I tested a sample of invoices and found these had been approved in accordance with the council's adopted Financial Regulations, and approval, where needed, recorded in the minutes of meetings. A full list of payments is included on the council website in accordance with the requirements of the Local Government Transparency Code.

I reviewed the outstanding balances on the ledger account. There are minimal debtors for a council of this size, and the RFO was aware of each entry we discussed, and there were no amounts significantly overdue. It is clear the council has an effective system for monitoring amounts due to the council.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £9.93 per elector

The council has adopted the General Power of Competence (GPC) and the section 137 thresholds do not apply.

Check receipt of VAT refund matches last submitted VAT return

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 30 June 2023 which showed a refund amount due of £3,226.25. I was able to confirm receipt of this amount to the council's bank account on 21 July 2023. The council is up to date with its VAT submissions.

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 detailed risk management policy which is available for review on the council website. I reviewed this in detail at the internal audit last year and note that the council is due to approve the review of this process at the November 2023 council meeting.

The risk register includes the current status of the identified risk, the date raised, who raised the risk, a description of the specific activity and risk/impact identified, the new actions required to mitigate the risk, the completion date and the officer responsible.

This is a comprehensive approach demonstrating that the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich in a long term agreement due to expire in July 2026. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million and a Fidelity Guarantee of £2 million. I note the Fidelity Guarantee level has been increased since the last interim audit and is now sufficient for a council of this size. The listed asset cover appears appropriate based on the items recorded on the council's asset register.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Audit findings

The council set a precept of £965,833 for 2023/24. With a tax base of 12,623.9, this equates to a band D equivalent of £76.51 (compared to the average in England of £79.35).

The RFO confirmed that the council has an agreed timetable for the 2024/25 budget and precept setting, with a first draft proposal due to be considered at the November 2023 council meeting, with the aim to agree the final budget and precept at the January 2024 council meeting.

A review of agendas and supporting documents for the Finance KAG meetings shows that detailed financial information is regularly presented to councillors for review, including reviews of budget performance, reserves positions and bank reconciliations. This provides councillors with sufficient financial information to make informed decisions.

I reviewed the financial monitoring report covering the period up to 30 September 2023. This includes projected figures for the financial year-end which currently predict a higher level of income than budgeted and a reduced amount of expenditure and demonstrates that the budgets are carefully monitored throughout the year.

The council holds circa £700,000 in a range of clearly identified earmarked reserves. **I note that at the time of the interim audit, there are three earmarked reserves showing a negative balance – Consultants/Legal Fund, Belgium Pilot Memorial Fund and Cyprus Hall Maintenance – and these will need to be cleared by the end of the financial year.**

Council is reminded that the Joint Panel on Accountability and Governance (JPAG) Practitioner's guide states '*the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure*' (para 5.33) although I note the council's previous statement that '*standing resolution to have 20% of future Net Budgeted Expenditure as a General Reserve level*'.

A review of the year-end general reserve balance will be conducted at the final internal audit.

E. INCOME

Internal audit requirement

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

Audit findings

Apart from the precept, the council receives income from the burial ground, management fees for working relating to other organisations, advertising income for the town magazine, allotment rents, and event income in the form of donations, grants and sponsorship.

Fees and charges are received annually as part of the council's budget setting process, with agreement of the Finance KAG recommendation due to be determined at the November 2023 council meeting.

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 petty cash float in the office, and separate floats for the mobile maintenance team and Help Point. The RFO balances the petty cash regularly, and it is used for minor incidental expenditure items. Receipts are obtained for expenditure items, and the petty cash record is maintained within SAGE.

The amount of the petty cash is inconsequential to the overall financial position of the council, and I am satisfied that sufficient procedures are in place for the safe management of petty cash.

The RFO has a Government procurement card, and details of all expenditure is published on the council website in accordance with the Local Government Transparency Code.

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

The council staff members are split between roles within the council offices and a maintenance team managing the council facilities around the town. Staff members all have signed contracts of employment and are paid in accordance with the NJC salary scales.

Payroll is processed in house by the RFO using the SAGE payroll software. I reviewed the payroll information for August and September 2023, and the payroll deductions appear correct for tax, national insurance and pension contributions. The summary pages show details of the projected figures for the year, including any variances against budget, which provides a clear picture for councillors of any changes during the year.

Council is reminded that only salary, HMRC and pension payments should be included in box 4 on the Annual Governance and Accountability Return (AGAR) and any other staff costs should be recorded in box 6.

There is a councillor allowance scheme in place, with payments made half-yearly in arrears in March and September. Councillor allowance payments are made through payroll in accordance with HMRC requirements to assess tax and National Insurance implications.

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 in place which includes details of assets, the category of each asset, the supplier details, location and value. Items are correctly included at original or proxy cost. The register contains columns detailing additions and disposals during the year, and a check of this value to include on the AGAR will be conducted at the final internal audit.

The council has a Public Works Loan Board (PWL) loan which was taken out for the purchase of a former Royal British Legion building and land.

Confirmation of the repayments and year-end balances will be checked at the year-end audit.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

Financial Regulation 27.5 states 'A bank reconciliation will be presented at each Finance Key Area Group meeting made up to the latest bank statement available.'

At the interim internal audit carried out in 2022/23, I recommended that the RFO signed the reconciliations, and this was agreed when council reviewed the internal audit recommendations at the meeting held on 14 November 2022.

A review of the bank reconciliations shows this activity is now being carried out, which provides further assurance to the council that appropriate internal control checks are in place.

Due to the size of the council's budget, it does not benefit from the protection offered by the Financial Services Compensation Scheme (FSCS), although the council uses a range of financial institutions to mitigate this risk.

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

Testing to be conducted at final audit.

K. LIMITED ASSURANCE REVIEW**Internal audit requirement**

IF the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")

Audit findings

The council did not certify itself exempt in 2022/23 due to exceeding the income and expenditure limits and this test does not apply.

L: PUBLICATION OF INFORMATION**Internal audit requirement**

The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation

Audit findings

Testing to be conducted at final audit.

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

The authority has demonstrated that during summer 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2022/23 Actual
Date AGAR signed by council	27 June 2023
Date inspection notice issued	28 June 2023
Inspection period begins	29 June 2023
Inspection period ends	9 August 2023
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2022/23, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

N: PUBLICATION REQUIREMENTS

Internal audit requirement

The authority has complied with the publication requirements for 2022/23. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2023 authorities must publish:

- *Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited*
- *Section 1 - Annual Governance Statement 2022/23, approved and signed, page 4*
- *Section 2 - Accounting Statements 2022/23, approved and signed, page 5*

Not later than 30 September 2023 authorities must publish:

- *Notice of conclusion of audit*
- *Section 3 - External Auditor Report and Certificate*
- *Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.*

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings

I was able to confirm that the Notice of Public Rights is published on the council website along with the Notice of Conclusion of audit and External Auditor Report and I was able to confirm that the publication requirements for 2022/23 have been met.

O. TRUSTEESHIP

Internal audit requirement

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

Audit findings

The council is the trustee of the Public Drinking Fountain (charity number 234513) and the National Playing Fields Association Land at Burgess Hill (charity number 291856). I reviewed the information available on the Charity Commission website and was able to confirm that all reporting is up to date and that the council is correctly listed as the sole trustee of each charity.

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.	To be tested at final audit		
K	If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			√
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	To be tested at final audit		
M	The authority, during the previous year (2022-23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	√		
N	The authority has complied with the publication requirements for 2022/23 AGAR.	√		
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.

Your final audit date has been booked for Thursday 5 June 2023 at 10am to be conducted remotely. Please provide the requested information to me one week in advance of this date.

Yours sincerely



Andy Beams

For Mulberry & Co

Interim Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	I note that five councillors have not resubmitted a form since the May 2023 election, and these should be updated as soon as possible.	
D. BUDGET, PRECEPT AND RESERVES	I note that at the time of the interim audit, there are three earmarked reserves showing a negative balance and these will need to be cleared by the end of the financial year.	