

Annual Governance and Accountability Return 2022/23 Form 2

To be completed only by Local Councils, Internal Drainage Boards and other smaller authorities* where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, and that wish to CERTIFY themselves as EXEMPT from a limited assurance review

Guidance notes on completing Form 2 of the Annual Governance and Accountability Return 2022/23

1. Every smaller authority in England where the higher of gross income or gross expenditure was £25,000 or less **must**, after the end of each financial year, complete Form 2 of the Annual Governance and Accountability Return in accordance with *Proper Practices*, unless the authority:
 - a) does not meet the qualifying criteria for exemption; or
 - b) does not wish to certify itself as exempt
2. Smaller authorities where the higher of all gross annual income or gross annual expenditure **does not exceed** £25,000 and that meet the qualifying criteria as set out in the Certificate of Exemption **are able to declare themselves exempt** from sending the completed Annual Governance and Accountability Return to the external auditor for a limited assurance review **provided** the authority **completes**:
 - a) The **Certificate of Exemption**, page 3 and returns a copy of it to the external auditor **either** by email or by post (not both) **no later than 30 June 2023**. Failure to do so will result in reminder letter(s) for which the Authority will be charged £40 +VAT for each letter; and
 - b) The **Annual Governance and Accountability Return (Form 2)** which is made up of:
 - **Annual Internal Audit Report (page 4)** must be completed by the authority's internal auditor.
 - **Section 1 – Annual Governance Statement (page 5)** must be completed and approved by the authority.
 - **Section 2 – Accounting Statements (page 6)** must be completed and approved by the authority.**NOTE: Authorities certifying themselves as exempt SHOULD NOT send the completed Annual Governance and Accountability Return to the external auditor.**
3. The authority **must** approve Section 1 Annual Governance Statement before approving Section 2 Accounting Statements and both **must** be approved and published on the authority website/webpage **before 1 July 2023**.

Publication Requirements

Smaller authorities **must** publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:

- **Certificate of Exemption**, page 3
- **Annual Internal Audit Report 2022/23**, page 4
- **Section 1 – Annual Governance Statement 2022/23**, page 5
- **Section 2 – Accounting Statements 2022/23**, page 6
- Analysis of variances
- Bank reconciliation
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

Limited Assurance Review

Any smaller authority may request a limited assurance review. If so, the authority should not certify itself as exempt or complete the Certificate of Exemption. Instead it should complete Form 3 of the AGAR 2022/23 and return it to the external auditor together with the supporting documentation requested by the external auditor. The cost to the authority for the review will be **£210 +VAT**.

Provided that the authority certifies itself as exempt, and completes and publishes the documents listed under 'Publication Requirements', there is no requirement for the authority to have a review.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Form 2 of the Annual Governance and Accountability Return (AGAR) 2022/23, Sections 1 and 2

- An authority that wishes to declare itself exempt from the requirement for a limited assurance review must do so at a meeting of the authority after 31 March 2023. It should not submit its Annual Governance and Accountability Return to the external auditor. However, as part of a more proportionate regime, the authority **must** comply with the requirements of the Transparency Code for Smaller Authorities.
- The Certificate of Exemption must be returned to the external auditor no later than **30 June 2023**. Reminder letters will incur a charge of £40 +VAT for each letter.
- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR and the Certificate of Exemption. Proper Practices are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. Any amendments must be approved by the authority and properly initialled.
- Use the checklist provided below to review the AGAR for completeness at the meeting at which it is signed off.
- You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- The authority must publish numerical and narrative explanations for significant variances in the accounting statements on **page 6**. Guidance is provided in the *Practitioners' Guide** which may assist.
- Make sure that the accounting statements add up and the balance carried forward from the previous year (Box 7 of 2022) equals the balance brought forward in the current year (Box 1 of 2023).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish, on the authority website/webpage, the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2023**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Have the dates set for the period for the exercise of public rights been published?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', is an explanation available for publication?	✓	
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?	✓	
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at 31 March 2023 been reconciled to Box 8?	✓	
	Is an explanation of any difference between Box 7 and Box 8 available, should a question be raised by a local elector and/or an interested party?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? (<i>Local Councils only</i>)	NA	NA

**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Certificate of Exemption – AGAR 2022/23 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 2023, 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 2023 and a completed Certificate of Exemption is submitted no later than **30 June 2023** notifying the external auditor.

Mayfield Parish Council

certifies that during the financial year 2022/23, 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 2022/23:

11,627 £00,000

Total annual gross expenditure for the authority 2022/23:

23,012 £00,000

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 2019
- In relation to the preceding financial year (2021/22), 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 the above statements apply and 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 2023.

Signing this certificate confirms the authority will comply with the publication requirements.

Signed by the Responsible Financial Officer

Date

12/09/23

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

12/09/23

Signed by Clerk

Date

12/09/23

as recorded in minute reference:

23-09-0017

Generic email address of Authority

Telephone number

clerk.mayfieldpc@gmail.com 07508 930705

*Published web address

www.mayfieldparishcouncil.org.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 2023. Reminder letters for late submission will incur a charge of £40 + VAT.

Annual Internal Audit Report 2022/23

Mayfield Parish Council

<https://mayfieldparishcouncil.org.uk/>

During the financial year ended 31 March 2023, 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 2022/23 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.			✓
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. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")		✓	
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.		✓	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 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

10/04/2023

13/04/2023

18/05/2023

Name of person who carried out the internal audit

Brenda Kirkham

Signature of person who carried out the internal audit



Date

18/05/2023

*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).

BK.

Internal Auditor's Report to 31 March 2023 for Mayfield Parish Council in East Staffordshire

Introduction

The audit has been carried out remotely on a sample basis of documents provided by the Clerk, also through information available on the Council's website and from matters raised with the Clerk.

Audit

I have examined the following:

Minutes

Cash Book

Budgetary process & Precept

Sample of invoices

Bank Statements

Financial Regulations

Standing Orders

Insurance Cover

Annual Return this year

AGAR for 21/22

Internal Auditor's Report for 21/22

Outcome

On the AGAR Annual Internal Audit Report 22/23, I have answered 'No' to the following questions:

Item B

Of the 5 invoices sampled, it was not clear to see where 2 of them had been approved by the Council. These were payments to Dove Computer Solutions Ltd £142 and G Turner Enterprises £125. These invoices are made out to the Council, but the audit criteria does state that all payments should be approved by the Council.

Item D

The Council has been unable to adopt the precept for the forthcoming year due to the disruptive nature of the meetings and the necessity to close meetings due to this behaviour. Much work has been done by the Clerk to prepare the budget and the precept proposals. It is noted that the approval of the budget is one of the agenda items for the new Council.

Item F

The Parish Council does not use petty cash.

Item K

The Council was correct in applying for an exemption certificate as the Council's expenditure was under £25,000. However, the Council has failed to publish the relevant information on their website.

Item L

The Council failed to publish the required information in accordance with the Transparency Code.

BK

Item N

The authority has not complied with the publication requirements for 2021/22 AGAR which requires that the following documents be published:

- Certificate of Exemption, page 3
- Annual Internal Audit Report 2022/23, page 4
- Section 1 – Annual Governance Statement 2022/23, page 5
- Section 2 – Accounting Statements 2022/23, page 6
- Analysis of variances
- Bank reconciliation

Suggested Action Points

Item	Suggested Action	Priority
Precept	Approve the precept and budget at the earliest possible opportunity	High
Publication of information	Ensure information is published on the Council's website inline with the Transparency Code	High
Grant Awarding Policy	Review grant awarding policy and ensure grants are made strictly in line with the policy	Medium
Approval of payments	Ensure <u>all</u> payments are approved and minuted by the Council.	High
Approval of Minutes	Once minutes have been approved ensure the <u>approved</u> version is uploaded to the website and the draft version removed.	Low
Reclaiming VAT	Ensure that VAT is reclaimed in a timely manner (at least annually). I have not seen evidence of VAT refunds in the bank account but this could be because the Council did not pay VAT on any items in 21/22.	High

Since my appointment as the Internal Auditor for Mayfield Parish Council, I have received 2 complaints from a (now previous) Parish Councillor. My Understanding of these complaints are as follows:

Complaint 1

That the Council made a S137 payment to a group which was not properly constituted, this was a breach of the Council's grant policy. The second point was that the payment had been made to an individual not an organisation.

Response to Complaint 1

From information received I understand that the Council made the grant with good intention to support the community at a time when the Country was recovering from lockdown and the Council

BK.

wanted to encourage the work of community groups. It would appear that the awarding of the grant did not meet all the criteria of the Council's grant awarding policy. With hindsight and in light of the impact of the Covid-19 pandemic the Council could have considered a review of the policy before making grants.

I have been assured that payment was not made to an individual, in fact evidence on the bank statement would indicate that payment was delayed until a bank account had been set up for the organisation. Any payment to an individual would be a contravention of s137 regulations.

Complaint 2

This complaint was about the Chair of the Council dealing with a contractor rather than the Clerk and a query as to why the correspondence was not more business-like. There were other comments in the complaint regarding not all Councillors being copied into correspondence and the orders being place which had not been approved the Council.

Response to Complaint 2

With regard to the Chair dealing with matters rather than the Clerk, I am not really able to comment other than to say that if the Clerk does not live locally and is not available, or if the Chair has more specialised knowledge, then it can be more suitable for the Chair to deal with matters, but care needs to be taken.

The October minutes 43/2022 clearly state:

"RESOLVED that the Parish Council purchase two SIDs and gateways for Mayfield, final costs and locations to be confirmed at the November meeting."

These minutes were approved at the November meeting, however no firm costs were agreed, but I understand that detailed information was circulated prior to the meeting and also for the February meeting, which due to disruptive behaviour had to be closed early. As the Council has previously approved in principle, the purchase of the signs and the gates, the Clerk acting in good faith, placed an order for these items.

Summary

I would like to record my thanks to Anne Wilson, the outgoing Clerk for her help with providing information and also to Sue Bridgett, former Councillor and volunteer Clerk, for her detailed responses to my questions.

Undoubtedly the disruptive behaviour at Council meetings has prevented the Council from carrying out some of its statutory duties and this has been reflected in the audit.

Whilst there are numerous action points for the new Council to reflect upon, I do hope that the Council will see the report as a starting point for improvement.

Brenda Kirkham
18 May 2023

BK③

Annual Internal Audit Report 2022/23

Mayfield Parish Council

www.mayfieldparishcouncil.org.uk

During the financial year ended 31 March 2023, 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 2022/23 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.	NO PETTY CASH KEPT		✓
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. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")	✓		
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.		✓	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).		✓	

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

* For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).
 SEE ATTACHED SUPPLEMENT
 Date(s) internal audit undertaken

11/07/2023

18/08/2023

Name of person who carried out the internal audit

A Toplis/K Squires - Toplis Associates Ltd

Signature of person who carried out the internal audit

Date

19/08/2023

*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).

TOPLIS ASSOCIATES LTD.

STREETHAY LODGE
STREETHAY
LICHFIELD
STAFFORDSHIRE WS13 8LR

TEL: 01543-419202

19 August, 2023

The Chairman
Mayfield Parish Council

CONFIDENTIAL

Dear Councillor

Conclusion of Internal Audit of your Parish Council

For the year ended 31st March 2023

Following the completion of my work for the above year we are writing to inform the Council that having carried out a reworking of the previous year-end review I have been able to sign the Annual Governance and Accountability Return Form 2 ("AGAR"). Unfortunately there are a number of NO answers to the Internal Control Objectives which are detailed in the supplement to Page 4 of the AGAR

The independent internal examination of the Councils governance, financial affairs and certification of the 2022-23 AGAR to the External Auditor was carried out in accordance with the standards laid out in the Accounts and Audit Regulations, 2015 and embodied in the Joint Panel on Accountability and Governance (“JPAG”) Practitioners Guide March 2022.

In summary, we covered the following areas in our examination:

- Proper Bookkeeping
- Financial Regulations, Standing Orders and Payment Controls
- Risk Management and Insurance arrangements
- Budgetary Controls
- Income Controls
- Payroll Controls
- Asset Control
- Bank Accounts and Reconciliation
- Year End Procedures.

Registered Office as above
Registered in England No 3219234

TA ①

This year we have carried out a review of your web site to evaluate its conformance to the Local Government Transparency Code for smaller authorities 2015 which is to be viewed as a minimum standard. We confirm your web site meets this requirement although much of the information held on it is completely out of date.

We carried out two visits immediately we were engaged after the end of the fiscal year and were accorded with full co-operation by the Chairman. Any issues which we raised during the conduct of our work have either been satisfactorily rectified or are noted below.

A copy of our Annual Internal Audit certification and the additional supplement (page 4 of the AGAR) for 2022-23 is attached.

We would also wish to draw your council's attention to the following matters:

1. We note that your general reserves cover (after the exclusion of properly voted earmarked funds of £13,860) is 0.31 years. We consider this to be an acceptable level of general reserves balance at the year end;
2. We would wish to draw your attention to the "Publication Requirements" on page 1 of the AGAR;
3. We note your councilors do not use council email address for all official correspondence. My colleague Kim Squires has passed on to you advice on this matter from the Information Commissioners Office. In the light of this advice your council must now discuss this matter and if you decide not to conform then the council must have a section of your Risk Assessment addressing the level of risk and showing how you will mitigate it.

In respect of the new Council year we make the following additional observations and recommendations for your consideration:

1. We recommend that during the fiscal year your council should review the Risk Assessment to ensure that it still reflects the current environment. Your council should then minute its ratification;
2. During the fiscal year your council should review your Standing Orders and Financial Regulations to ensure that they still reflect the current environment. Your council should then minute that ratification. Please note that it is important that your Financial Regulations meet the standard set by those published by NALC in July 2019. The Model Financial Regulations templates were produced by the National Association of Local Councils (NALC) in July 2019 and contain a number of important legal changes;
3. Copies of both your current Standing Orders, Finance Regulations and Risk Assessment along with other policies should be displayed on your councils web site and must show the latest date of revision and ratification;

4. You are reminded that when the council discusses, amends or ratifies significant documents copies should be made available on your web site for members of the public to view. These documents should be either appendices to published minutes and agenda papers or as separate documents on the web site (preferably with a hypertext link to facilitate ease of searching);
5. If your council wishes to carry forward earmarked funds at the yearend these must have been ratified by your council. This is best done at the time you draw up the next budget or at final meeting of the fiscal year
6. The recently acquired two Speed Indicator Devices and the two Village Gates need to be added to your insurance policy immediately.

It is your Council's responsibility to note these comments and those in our Annual Internal Audit Report and supplement and to consider what action should be taken.

Can we take this opportunity to remind you that the Annual Internal Audit Report and Supplement, 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 a public website immediately after your council has met to approve them and also to display the accompanying notice of Public Rights on each of your usual notice boards.

In accordance with Regulation 13 (of the Audit and Accounts Regulations), after the conclusion of the period for the exercise of public rights, the authority must publish (including on its website) the annual governance statements, statement of accounts, and the external auditor's certificate and report – Sections 1, 2 and 3 of the Annual Governance and Accountability Return. Authorities must keep copies of these documents for purchase by a person at a reasonable sum and ensure that they remain available for public access for 5 years

Please do remember to retain a copy of the notice on file as proof that you have followed the requirements of the Local Government Act.

We will make our next visit in October/November but please do not hesitate to contact me should you require advice in the meantime.

Yours sincerely,

A handwritten signature in black ink that reads "Alan Loris". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Mayfield Parish Council

Annual Internal Audit Report 2022/23

(This document is a supplement to page 4 of 6 of the Annual Governance and Accountability Return ("AGAR") 2022/23, Part 2 and is intended to be read and published with that document). Copies of this document must be displayed with the AGAR and forwarded to the External Auditor if it is requested.

Internal Control Objectives

Internal Control Objectives (as per page 4 of the accompanying AGAR). Headings in *Italics* are a direct copy of the objectives in the AGAR

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

YES.

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

NO. VAT was not properly recorded on a significant transaction.

Your Financial Regulations have not been ratified for over 2 years and are considerably out of date being based on a pre-2018 template. We recommend that you immediately implement the NALC 2019 template with appropriate tailoring (copies available from SPCA).

- C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*

NO. We can find no evidence that the council carried out any review of its risks. The last risk assessment made available to us was carried out in 2020/21 and needs revision.

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

YES. Partly but no evidence of regular monitoring was made available to us.

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

NO. We have carried out an examination of your latest VAT return submitted to HMRC after the fiscal year end. It was clear that no verification audit trail had been followed as we have revealed that the claim was understated by £900 on a transaction in December 2022. Now this has been identified by us you may add this full amount to your next claim.

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

N/A. No petty cash kept.

- G. *Salaries to employees and allowances to members were paid in accordance with the authorities approvals, and PAYE and NI requirements were properly applied.*

YES.

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

YES.

- I. *Periodic bank account reconciliations were properly carried out during the year.*

NO. We can find no evidence in the minutes of finance records that periodic bank reconciliations were published and made available to members and the general public

- J. *Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.*

YES.

- 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*

YES.

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

NO. The 2021/22 AGAR and other material defined under "Publication Requirements" on Page 1 of the AGAR is not displayed on the council's web site. The web site is considerably out of date, minutes of many meetings are missing.

- M. *In the year covered by this AGAR the authority correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by the notice on the website and/or authority approved minutes confirming the dates set).*

YES.

- N. *The authority has complied with the publication requirements for the 2021/22 AGAR*

NO. See L about.

- O. *Trust Funds (including charitable) – The council met its responsibilities as a trustee.*

Not applicable to this council

Other matters requiring attention

Our attention was drawn to a grant of £500 made under the powers of Section 137 of the Local Government Act to set up an organisation entitled Friends of Mayfield Conservation Areas ("FOCMA"). The grant was properly awarded under your previous councils Grant Award Policy. We have seen an email from the then Chairwoman of your council regarding the grant but no correspondence with FOCMA which refers to the purpose of the grant or refers to the councils Grant Award Policy or specifically to para 18 of the policy (return of unused monies due to discontinuation). From an examination of the previous council's minutes we can see no evidence that this matter was further followed up.

We are aware that the original grant applicant wrote to your council in November 2022 stating that he had resigned as Chair of FOCMA and that the group was closing and offering to return the money. This was replied to by the Clerk who suggested that a councillor would contact the applicant about using the grant to work with the Parish Council to install some village signs to commemorate the Kings Coronation (i.e. a variation on the original grant purpose).

It is unclear whether the monies now rest with FOCMA or Mayfield Heritage Group who seem to intend to use the monies to produce information leaflets.

You have two options as a parish council:

1. Write to the holders of the money pointing out para 18 of the Grant Policy and insisting that as the money has not been used for its original purpose it must be returned to the parish council. At the same time as a quid pro quo suggesting that the holders now make a fresh application for grant funding to
2. Leave the money with the holders who are still intending to use the money for a cause which fits within the meaning of S137 of the LGA. Learn by the mistakes of the matter and:
 - a. Strengthen your Grant Policy;
 - b. Always include the rules when awarding the grant
 - c. Underline para 18 of the policy within the award letter
 - d. Change para 18 or the grant award letter should specify a period of time (e.g. 2 years).

Bearing in mind your councils intention to improve the parish councils stature within the community it would seem that if the dispute were to get into the public domain this would damage the image that you are trying to project. It is therefore important that you settle the matter with great sensitivity. The decision rests with your council.

In passing we would point out that your current council has not ratified your Grant Award Policy!

Signed



Internal Auditor

Date 19th August 2023

Section 2 – Accounting Statements 2022/23 for

Mayfield Parish Council

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
1. Balances brought forward	27,549	28,717	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	11,025	11,245	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	1,503	382	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	4,958	7,294	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	6,402	15,718	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	28,717	17,332	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	28,717	17,332	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	17,370	23,870	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).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)		✓		The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)			✓	The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2023 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

08-09-2023

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

12-9-2023.

as recorded in minute reference:

23-09-0017

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

Redacted for website