

Smaller Authority Name: HAYWARDS HEATH TOWN COUNCIL

**NOTICE OF CONCLUSION OF ANNUAL AUDIT
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021
Accounts and Audit Regulations 2015**

- 1 The audit of accounts for HAYWARDS HEATH TOWN COUNCIL for the year ended 31 March 2021 has been completed and the accounts have been published.**
- 2 The Annual Return is available for inspection by any local government elector in the area of HAYWARDS HEATH TOWN COUNCIL on application to:**
 - (a) MR STEVEN TRICE
Town Clerk**
 - (b) The Town Hall
40 Boltro Road
HAYWARDS HEATH
West Sussex
RH16 1BA**
 - (c) (Telephone/email, and hours and arrangements to view)
TEL. 01444 455694/ EMAIL town.clerk@haywardsheath.gov.uk
BETWEEN THE HOURS OF 10:00AM AND 3:00PM, MONDAY TO FRIDAY**
- 3 Copies will be provided to any person on payment of £0.50 for each copy of the Annual Return.**

Announcement made by

MR STEVEN TRICE (TOWN CLERK)

Date of Announcement

THURSDAY, 30TH SEPTEMBER 2021

Annual Internal Audit Report 2020/21

HAYWARDS HEATH TOWN COUNCIL

www.haywardsheath.gov.uk

During the financial year ended 31 March 2021, 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 2020/21 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 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")			✓
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✓
M. The authority, during the previous year (2019-20) 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 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) 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).

Date(s) internal audit undertaken

14/12/2020

26/05/2021

Name of person who carried out the internal audit

Mr Andy Beams - Mulberry & Co

Signature of person who carried out the internal audit

Date 26/05/2021

*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).



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Our Ref: MARK/WES009

Mr S Trice
Haywards Heath Town Council
The Town Hall
40 Boltro Road
Haywards Heath
West Sussex
RH16 1BA

26 May 2021

Dear Steve

**Re: Haywards Heath Town Council
Internal Audit Year Ended 31 March 2021**

Executive summary

Following completion of our interim internal audit on 14 December 2020 and final audit on 26 May 2021 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. **Testing requirements are shown in red** and 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.

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 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 Haywards Heath 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. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor has over 30 years' experience in the financial sector with the last 11 years specialising in local government.

Engagement Letter

An engagement letter was issued to the council covering the 2020/21 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.

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

Table of contents

A	BOOKS OF ACCOUNT (INTERIM AUDIT)	3
B	FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS (INTERIM AND FINAL AUDIT)	3
C	RISK MANAGEMENT AND INSURANCE (INTERIM AND FINAL AUDIT)	5
D	BUDGET, PRECEPT AND RESERVES (INTERIM AND FINAL AUDIT)	6
E	INCOME (INTERIM AND FINAL AUDIT)	7
F	PETTY CASH (INTERIM AUDIT)	8
G	PAYROLL (INTERIM AND FINAL AUDIT)	8
H	ASSETS AND INVESTMENTS (INTERIM AND FINAL AUDIT)	9
I	BANK AND CASH (INTERIM AND FINAL AUDIT)	10
J	YEAR END ACCOUNTS (FINAL AUDIT)	10
K	LIMITED ASSURANCE REVIEW (INTERIM AND FINAL AUDIT)	12
L	TRANSPARENCY (INTERIM AND FINAL AUDIT)	13
M	EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS (FINAL AUDIT)	13
N	PUBLICATION REQUIREMENTS (INTERIM AND FINAL AUDIT)	14
O	TRUSTEESHIP (INTERIM AUDIT)	15

A. BOOKS OF ACCOUNT (INTERIM AUDIT)**Internal audit requirement**

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

Recommended minimum testing:

- Ensure the correct roll forward of the prior year cashbook balances to the new financial year
- Check a sample of financial transactions in cashbooks to bank statements, etc.: the sample size dependent on the size of the authority and nature of accounting records maintained

Interim audit

The council uses RBS Omega as a day-to-day accounting package. There are two users, the RFO and an Administration Officer. This is a tried and tested industry specific package and I make no recommendation to change. The system is used regularly to report on and record the financial transactions of the council.

The information requested for the remote audit was provided in full, and my audit testing showed that these documents were well organised, clear and easy to follow. A review of meeting agendas show sufficient financial information is provided at committee and council meetings to support council decisions. I make no recommendation to change this system.

The council is not VAT registered. VAT reclaims are completed on a quarterly basis. The last VAT reclaim was for the period to the end of June 2020 and was submitted on 1 October. This showed a refund position of £6,316.53 and I confirmed receipt of the refund through the council's bank account on 7 October 2020. The council is up to date with its postings.

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

Section conclusion

I am of the opinion that the control assertion of "Appropriate accounting records have been properly kept throughout the financial year" has been met.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS (INTERIM AND FINAL AUDIT)**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.

Recommended minimum testing:

- Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the Standing Orders and Financial Regulations which should be based on the latest version.
- Ensure that consistent values are in place for the acquisition of formal tenders between Standing Orders and Financial Regulations (frequently different limits are recorded in the two documents)
- Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation
- Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments
- Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements
- Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place

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

The external auditors report was not qualified and the notice of conclusion of audit has been published on the council's website. Due to the delayed return of the form, it will be reported to council at the next meeting scheduled for January.

Confirm by sample testing that councillors sign statutory office forms.

I confirmed by sample testing that councillors sign "Acceptance of Office" forms and the web site shows the Register of Disclosable Pecuniary Interests for each councillor alongside their contact information.

Confirm that the council is compliant with the relevant transparency code.

The council is required by law to follow the Local Government Transparency Code 2015. A review of the council website shows that the council is following the code, with most information published, although it would be clearer if it was all contained within the same section of the website. **The pay multiple figure and information relating to staff salaries over £50,000 is not currently on the website and needs to be included by the final audit.**

Good examples to follow to assist in transparent publication of the information are West Chiltington Parish Council and Seaford Town Council.

Confirm that the council is compliant with GDPR.

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The council has a Privacy Notice on the home page of its website and has appointed an external Data Protection Officer. It is clear the council takes its responsibilities seriously and has made every effort to comply with the legislation.

Confirm that the council meets regularly throughout the year.

In addition to full council, the council has a committee structure with working groups also in place where appropriate. There is a scheme of delegation in place which includes terms of reference for committees. A diary of meeting is published on the council website.

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

The Clerk was able to demonstrate that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting. It is noted that the non-confidential supporting documentation referred to in the agendas is included on the website.

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

Draft minutes are routinely uploaded to the council website and clearly marked as draft. These are subsequently replaced by final versions once approved. Arrangements have been put in place during the period of remote meetings for signatures to be obtained on final minutes.

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

The standing orders are based on the NALC models, although they vary from the most recent model. They were last reviewed and adopted by council on 11 May 2020. The council have also made provision to include the legislative changes made under The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

I recommend checking the adopted Standing Orders against the latest NALC model (available on the SSALC website) to ensure all statutory requirements are included.

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

Financial regulations are based on the NALC models. They were last reviewed and adopted by council on 11 May 2020. The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

The RFO talked through the payment process. Once received, invoices are added to pending file with two signatories authorising these once a number have accumulated. Once authorised, payments are set up online by the RFO and subsequently released by a second staff member. Most payments are made via BACS or direct debit. Although not included in the adopted version of Financial Regulations, council is advised to confirm renewal of direct debit arrangements at least every two years.

With regard to payments, the council's adopted Financial Regulations state:

3.1 Expenditure on the revenue account may be incurred up to the amounts included in the approved budget, subject to the requirements of Standing Orders.

3.2 The Town Clerk has powers to vire amounts provided within the approved revenue and capital budgets, except in the case of sums provided for pay and allowances or when any continuing expenditure is to be generated.

3.3 Expenditure may not be incurred which cannot be met from the amount provided within the net revenue budget or when there is likely to result an overspending in the year unless a request for a supplementary estimate has been submitted to the Finance & Finance Committee. This regulation shall apply where such event would result in an increase in net cost within the financial year. The council's Financial regulations allow payments to be made up to the budgeted amount.

Through discussion with the Clerk and RFO, it is clear that the process for agreeing an expenditure amount in excess of the budgeted figure is not consistently followed. **I recommend the procedures are reviewed and either the Financial Regulations as written are followed, or they are amended to reflect a suitable process for agreeing such amounts.**

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.32 per elector.
The council has the General Power of Competence (GPC) and the thresholds do not apply.

Confirm that checks of the accounts are made by a councillor.

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

Final Audit

It was noted that reviews of the Financial Regulations and Standing Orders have taken place since the interim audit. I am of the opinion the council is following its own regulations and that any changes are to be considered minor and not indicative of errors in the system.

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 AND INSURANCE (INTERIM AND FINAL AUDIT)

Internal audit requirement

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

Recommended minimum testing:

- Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc
- Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security
- Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation

Interim audit

The council has general, financial and Covid specific risk assessments in place. The financial risk assessment was reviewed in detail and demonstrates a responsible attitude towards risk management by identifying potential risk, assessing the likelihood and impact and detailing mitigation measures in place. This was last completed on 9 March 2020 and will be revisited at the end of the financial year.

The council has a valid insurance policy in place with Hiscox which renewed in April 2020. The policy includes Public Liability and Employers Liability cover of £10 million each and a Fidelity Guarantee level of £800,000. These levels are appropriate for a council of this size.

Final audit

We discussed assertion 8 of the AGAR and whether or not this had any impact on the council.

"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."

The RFO confirmed that he was not aware of any such liability at the year end.

Section conclusion

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these" has been met.

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

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.

Recommended minimum testing:

- Ensure that the full authority, not a committee, has considered, approved and adopted the annual precept in accordance with the required parent authority timetable
- Ensure that budget reports are prepared and submitted to authority / committees periodically during the year with appropriate commentary on any significant variances
- Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances
- Ensure that the authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process
- Ensure that the precept in the accounts matches the submission form to the relevant authority and the public record of precepted amounts

Interim audit

I confirmed that the 2020-21 budget and precept setting process is underway. The draft budgets have been reviewed by each committee, with the objective that the Finance & Policy committee will make a recommendation to council in January for agreement at the meeting scheduled for 25 January 2021.

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

At the interim audit date, the council held circa £252,000 in a number of clearly defined earmarked reserves. The council also held circa £161,000 in general reserves at the start of the year. General guidance recommends the council's general reserve should be circa 50% of precept, or 3-6 months net revenue expenditure (NRE), as adjusted for local conditions.

At the end of October, the council's income showed as 92.2% of budget and expenditure at 33.8% of budget.

Final audit

I confirmed that the budget and precept were agreed by council at its meeting held on 25 January 2021.

At the year-end, the council held circa £345,000 in earmarked reserves and circa £195,000 in general reserves. General guidance recommends a general reserve level of 3 to 12 months equivalent of precept, as adjusted for local conditions. The level held by the council is within the recommended guidance.

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 (INTERIM AND FINAL AUDIT)

Internal audit requirement

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

Recommended minimum testing:

- Review "aged debtor" listings to ensure appropriate follow up action is in place
- Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.
- Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)
- Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised
- Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time
- Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income
- Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked

Interim audit

Apart from the precept, the council's other main income sources are allotment rental, cemetery income, room hire, and council works contracts. The council reviewed and agreed its fees and charges for 1 April 2021 in November 2020.

The Covid-19 pandemic has affected the council's income, with a projected deficit of around £40,000 on lettings income anticipated by the year end.

The council receives a small amount of cash income. Receipts are provided to residents and a record of cash received is kept. Cash is securely kept in a locked safe and deposited to the bank on a monthly basis.

Final audit

I independently verified the precept amount received during the year and confirmed this to the total entered into box 2 on the AGAR.

The council's other income has been recorded clearly in the accounts and I was able to confirm the total entered into box 3 of the AGAR matches the information provided.

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 (INTERIM AUDIT)**Internal audit requirement**

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

Recommended minimum testing:

- A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "not applicable" response is frequently required in this area.
- Review the systems in place for controlling any petty cash and cash floats (used for bar, catering, etc.)
- Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held
- Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held
- Ensure that VAT is identified wherever incurred and appropriate
- Physically check the petty cash and other cash floats held
- Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings

Interim audit

The council keeps a £150 petty cash float. This is used for incidental expenditure and is reconciled monthly. The council also has three account cards in place for use by senior employees. Each user provides receipts for use and these are reconciled against statements by a non-card holding staff member.

Section conclusion

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

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

Recommended minimum testing:

- Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract
- Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability
- Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and with the contracted hours
- Ensure that appropriate tax codes are being applied to each employee
- Where free or paid for software is used, ensure that it is up to date.
- For the test sample of employees, ensure that tax is calculated appropriately
- Check the correct treatment of pension contributions to either the Local Government pension scheme (non - taxable, deducted from the gross salary or DC schemes like NEST which already allow for tax deductions)
- For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers' allowance is not available to councils but may be used by other authorities
- Ensure that the correct employers' pension percentage contribution is being applied
- Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly

paid to the respective agencies

Interim audit

The council process payroll internally by the RFO using SAGE. Payments are made by the council and approved in the same way as other expenditure. The NJC pay agreement taking effect from 1 April 2020 has been noted by council. All staff members have a signed contract of employment and are all on the NJC scale.

Final audit

A review of the detailed expenditure included within box 4 of the AGAR shows the correct calculation for allowable income for salaries, associated HMRC payments and pension contributions only.

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 (INTERIM AND FINAL AUDIT)

Internal audit requirement

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

Recommended minimum testing:

Tangible fixed assets

- Ensure that the authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets
- Physically verifying the existence and condition of high value, high risk assets may be appropriate
- Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement
- Additions and disposals records should allow tracking from the prior year to the current
- Ensure that the asset value to be reported in the AGAR at Section 2, Box 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and /or disposals
- Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the authority

Fixed asset investments

- Ensure that all long-term investments (i.e., those for more than 12-month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at Section 2, Box 9.

Borrowing and lending

- Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired
- Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt
- Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Box 5
- Ensure that the outstanding loan liability as of 31st March each year is correctly recorded in the AGAR at Section 2, Box 10 (value should be verified via the DMO website)
- Where the authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body,

or their members, agreeing to underwrite the loan debt

Interim audit

The council has a fixed asset register in place in Excel format. Assets are correctly stated at historic or proxy cost. The list is extensive and the RFO aims to review and refine this to make it into a more user-friendly document. **I recommend the asset register is presented to council for approval annually, along with the AGAR and year-end information.**

Final Audit

The asset register was updated at the financial year-end, and the total matches the figure entered into box 9 on the AGAR. There is a clear audit trail of additions and deletions during the year which confirms the difference in the total since 2019/20.

I confirmed the repayments and year-end balance of the PWLB loan against the payment schedule and year-end statement.

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 AND CASH (INTERIM AND FINAL AUDIT)

Internal audit requirement

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

Recommended minimum testing:

- Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members
- Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, Section 2, Box 8
- Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy

Interim audit

At the interim audit date, the sample reconciliations were reviewed and there were no errors identified. Arrangements have been put in place during the period of remote meetings for signatures to be obtained. It was noted that these are not currently reported to council and **I recommend they are included with the other financial reporting to the Finance & Policy committee in future.**

Final audit

At the year end, the council had a reconciled position on its accounts. I confirmed the year-end balances to the bank statements dated 31 March 2021. Due to the council's budget exceeding €500,000, it does not qualify for any protection from the Financial Services Compensation Scheme (FSCS).

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 (FINAL AUDIT)

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.

Recommended minimum testing:

- Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an

Income and Expenditure basis to facilitate budget reporting in that vein

- **Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end**

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	<i>‘Yes’, means that this authority</i>	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES –accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk is experienced and advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority’s accounts.</i>	YES – the requirements and timescales for 2019/20 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
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	<i>disclosed everything it should have about its business activity during the year including events taking place after the</i>	YES – no matters were raised during the internal audit visits.

	authority and. Where appropriate, have included them in the accounting statements.	<i>year end if relevant.</i>	
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	2019/20	2020/21	Auditor notes	
1	Balances brought forward	433,044	424,835	Agrees to 2019/20 carry forward (box 7)
2	Precept or rates and levies	608,025	669,569	Figure confirmed to central records
3	Total other receipts	96,130	61,279	Agrees to underlying records
4	Staff costs	361,011	358,640	Agrees to underlying records
5	Loan interest/capital repayments	10,134	9,822	Verified against PWLB records
6	All other payments	341,219	246,918	Agrees to underlying records
7	Balances carried forward	424,835	540,303	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	399,671	514,038	Agrees to bank reconciliation
9	Total fixed assets plus long term investments and assets	782,285	790,401	Matches asset register
10	Total borrowings	75,000	69,000	Verified against PWLB records
11	For Local Councils only - Disclosure note re Trust funds (including charitable)	YES	NO √	Council has no trusts

Final audit

The year-end accounts have been correctly prepared on an income and expenditure basis, with the box 7 and 8 reconciliation completed. The AGAR comparatives have been correctly copied over from the 2019/20 AGAR.

The variance analysis is required because there is a variance greater than 15% for boxes 3 and 6.

The council plans to sign the Annual Governance Statement and Accounting Statements at its meeting scheduled for 21 June 2021.

Section conclusion

I am of the opinion that 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 (FINAL AUDIT)

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick “not covered”)

Recommended minimum testing:

- The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline
- That it has been published, together with all required information on the Authority's website and noticeboard

Final audit

The council did not declare itself exempt from a limited assurance review in 2019/20.

Section conclusion

I am of the opinion that the control assertion of "If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt" has been met. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")

L: TRANSPARENCY (INTERIM AND FINAL AUDIT)

Internal audit requirement

If the authority has an annual turnover not exceeding £25,000, it publishes information on a website / webpage up to date at the time of the internal audit in accordance with the Transparency Code for Smaller Authorities

Recommended minimum testing:

- This test applies only to those councils covered by the £25,000 External Audit exemption
- Internal auditors should review the authority's website ensuring that all required documentation is published in accordance with the Transparency Code for Smaller Authorities

Interim audit

The council has an annual turnover exceeding £25,000, and this test does not apply.

Final audit

The council has an annual turnover exceeding £25,000, and this test does not apply.

Section conclusion

I am of the opinion that the control assertion of "If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities." has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)

Internal audit requirement

The authority has demonstrated that during summer 2020 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Recommended minimum testing:

- Internal auditors should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the authority's records are available for public inspection.
- Internal auditors may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Final audit

Due to the Covid 19 outbreak, the statutory deadlines for publication during 2019/20 were changed as follows:

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 (SI 2020/404) amended the deadline by which the Annual Governance Statement and Statement of Accounts of the Annual Governance and Accountability Return (AGAR)

together with any certificate or opinion issued by the local auditor must be published from 30 September 2020 to 30 November 2020.

This means that draft accounts must be approved by 31 August 2020 at the latest. However, they may be approved earlier, and we encouraged councils to do so wherever possible, to help manage overall pressure on audit firms towards the end of the year.

Previously there was a requirement for all smaller authorities to have a common period for the exercise of public rights, being the first 10 working days of July. Under the new regulations there is no requirement for a common period for the exercise of public rights. Smaller authorities are still required to set a period for this purpose, but the only requirement is that the 30-working day period for the exercise of public rights should start on or before the first working day of September i.e., on or before 1 September 2020.

Authorities must publish the dates of their public inspection period and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations implementing these measures were laid on 7 April and came into force on 30 April 2020.

I confirmed that arrangements are in place at this council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

Inspection - Key date	2019/20 Actual	2020/21 Proposed
Date Inspection Notice Issued	21 June 2020	23 June 2021
Inspection period begins	23 June 2020	24 June 2021
Inspection period ends	7 September 2020	4 August 2021
Correct length	Yes	Yes
Common period included?	n/a	Yes

I am satisfied the requirements of this control objective were met for 2019-20, and assertion 4 on the annual governance statement can therefore be signed off by the council.

Section conclusion

I am of the opinion the control objective of "The authority, during the previous year (2019-20) 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 (INTERIM AND FINAL AUDIT)

Internal audit requirement

The authority has complied with the publication requirements for 2019/20. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Recommended minimum testing:

- Internal auditors should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the authority's records are available for public inspection.
- Internal auditors may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Before 1 July 2021 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 2020/21, approved and signed, page 4
- Section 2 - Accounting Statements 2020/21, approved and signed, page 5

Not later than 30 September 2021 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.

Interim audit

This testing requirement was not in place at the time of the interim audit.

Final audit

The Clerk was able to demonstrate that the council has met the publication requirements.

Section conclusion

I am of the opinion that the control assertion of "the authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage" has been met.

O. TRUSTESHIP (INTERIM AUDIT)

Internal audit requirement

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

Recommended minimum testing:

- Confirm that all charities of which the council is a Trustee are up to date with Charity Commission filing requirements
- that the council is the sole trustee on the Charity Commission register
- that the council is acting in accordance with the Trust deed
- that the charity meetings and accounts are recorded separately from those of the council
- review the level and activity of the charity and where a risk-based approach suggests such, review the Independent Examiner's report

Interim audit

The council is not listed as trustee of any charity or organisation.

Section conclusion

I am of the opinion that the control assertion of "Trust funds (including charitable) – The council met its responsibilities as a trustee" has been met.

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

Yours sincerely



Andy Beams
For Mulberry & Co

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

HAYWARDS HEATH TOWN 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 2021, 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.

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

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

21/06/2021

and recorded as minute reference:

9

MINUTE REFERENCE

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

Chairman

Clerk

www.haywardsheath.gov.uk

PLEASE ADVISE US OF ANY CHANGES TO YOUR PUBLICLY AVAILABLE WEBSITE MESSAGE ADDRESS

Section 2 – Accounting Statements 2020/21 for

HAYWARDS HEATH TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
1. Balances brought forward	433,044	424,835	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	608,025	669,569	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	96,130	61,279	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	-361,011	-358,640	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	-10,134	-9,822	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	-341,219	-246,918	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	424,835	540,303	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	399,671	514,038	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	782,285	790,401	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	75,000	69,000	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	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 2021 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

25/05/2021

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

21/06/2021

as recorded in minute reference:

10

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

Section 3 - External Auditor Report and Certificate 2020/21

In respect of

Haywards Heath Town Council

1 Respective responsibilities of the body and the auditor

Our responsibility as auditors to complete a limited assurance review is set out by the National Audit Office (NAO). A limited assurance review is not a full statutory audit, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it does not provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website - <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors

2 External auditor report 2020/21

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with the *Proper Practices* and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Other matters not affecting our opinion which we draw to the attention of the authority:

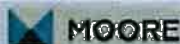
NONE

3 External auditor certificate 2020/21

We ~~certify~~ ~~do not certify~~ that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2021.

*We do not certify completion because:

External Auditor Name



External Auditor Signature

MOORE

Date

23/09/2021