



Mrs S Heynes
Cuckfield Parish Council
The Queen's Hall
High Street
Cuckfield
West Sussex
RH17 5EL

16th September 2024

Dear Sam & Noemi

Re: Cuckfield Parish Council
Internal Audit for Financial Year Ended 31 March 2025 – Interim Audit report

Executive summary

Following completion of our interim internal audit on 16th September 2024 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published Annual Governance and Accountability Return (AGAR). The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of which is available on request. The report concludes with an opinion as to whether each assertion has been met or not at this point in the year. Some assertions are tested only at the final internal audit, and this is reflected where appropriate in the report.

Recommendations for action are shown in bold text and are summarised in the table at the end of the report.

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Cuckfield Parish 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 Tracey Euesden of Mulberry Local Authority Services Ltd, who has over 30 years' experience in the financial sector with the last 16 years specialising in local government.

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

Engagement Letter

An engagement letter was previously issued to the council covering the 2024/25 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.

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

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A. BOOKS OF ACCOUNT

Internal audit requirement

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

Audit findings

The audit was conducted on site with the Clerk who also acts as the council's Responsible Financial Officer (RFO). The Clerk had prepared the information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Clerk and a review of the council website www.cuckfield.gov.uk

The Council uses the Edge accounting package for recording the council's finances. This is one of the common finance packages used for Parish Council work and I make no recommendation to change the system.

There are two users with their own individual logons and individual privileges.

Every month, a various reports are produced. These include but are not limited to, income and expenditure against budget, bank reconciliations and other reports as fit. These are presented for review at Parish Council meetings.

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

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

Audit findings

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

The External Auditor's Report was not qualified and has been published on the council website along with the Notice of Conclusion of Audit and will be reported to the council meeting held on in October. An "Except for" matter was recorded due to a transposition of figures recorded on Box 6 of Section 2 for the 2022 2023 figures, leading to the box 1-6 calculation for the prior year agreeing to box 7. As a result a "No" response should have been provided at Assertion 3 on the 2023 2024 Annual Governance Statement. The External Auditor concluded that this should not impact the 2024 2025 return.

I note the council received and considered the Internal Audit Report for 2022 2023 at the council meeting held on 13th June 2024 (minute ref FCO 32).

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign "Acceptance of Office" forms together with a formal acceptance to receive information by electronic means in the form "As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time"

The council website includes a councillor page where the individual Register of Members' Interests forms are published.

Confirm that the council is compliant with the relevant transparency code

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so. I note that the council demonstrates this best practice and publishes information on the council website including expenditure lists.

Confirm that the council is compliant with GDPR

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

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2024) contains updated guidance on the matter as below:

The importance of using .gov.uk domains for websites and emails

- 5.210. All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name. Note that Parish meetings are exempt from the requirement to have a website.
- 5.211. To assist with compliance with the General Data Protection Regulations (GDPR), it is advised that clerks provide official .gov.uk email accounts to their councillors, which must only be used for official council business.
- 5.212. When choosing a domain name all councils must follow the rules set out by the Cabinet Office to choose a .gov.uk domain name, for example, 'ourparishcouncil.gov.uk' with email addresses linked to that domain.
- 5.213. Using a .gov.uk domain for your council website and email accounts gives Parish Councils the following advantages:
- 5.214. Increased professionalism and trust from members of your community, partners and suppliers because your email address and website domains are a trusted government brand.
- 5.215. Separation of your personal life from your professional life, ensuring members of your community, partners and suppliers understand what capacity you are emailing them in - whether a Councillor or Clerk.
- 5.216. Increased control for the Responsible Officer over email accounts and documentation when managing new joiners, leavers, sudden absences or Freedom of Information and Subject Access Requests.

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

Confirm that the council meets regularly throughout the year

In addition to full council, the council has committees for Planning, Assets Community and Environment, Community Buildings, Finance and General Purposes and Roads and Traffic, as well as working groups for the Neighbourhood Plan, Christmas Festival (about to be outsourced to an events company) Angela Fox Nature Garden and Village Hall Redevelopment and Community Events.

Terms of reference for each committee are published on the council website, along with details of the main responsibilities of each of the working groups.

A diary of future meeting dates is also published on the council website, along with historic agendas and minutes for council and committee meetings.

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

I was able to confirm that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

I note that the council posts supporting documentation with the agendas as outlined by the Information Commissioner's Office (page 3 of this link) ico.org.uk/minutesandagendas.pdf

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

Minutes are uploaded to the council website and I note that there is a clear statement that they should be considered as draft documents pending ratification and the next meeting.

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

The Standing Orders are based on the current NALC model and were most recently reviewed and adopted by council on 7th May 2024 (minute ref FCO 12).

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

Financial Regulations are updated to reflect the 2024 NALC model and were adopted by council on 13th June 2024 (minute ref FCO37). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council. I note the council also has an adopted Scheme of Delegation to support the Financial Regulations.

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

The council has thresholds in place at which authorisations to spend must be obtained as below:

FR 5.15 Individual purchases within an agreed budget for that type of expenditure may be authorised by: the Clerk, under delegated authority, for any items below £5,000 excluding VAT.

FR 5.18. In further cases of extreme risk, expenditure may be authorised up to a limit of £10,000 upon agreement from the Emergency Consultation Panel (see Standing Order 7), which states that if a matter is deemed "urgent" and if outside scheduled committee meetings or Full Council and with the consent of the Chairman of the Council and the Chairman of the relevant Committee or Vice Chairman, it can be agreed by the use of an Urgent Consultation Panel. The Panel will consist of the Chairman, the Vice Chairman, and Chairmen of committees. All decisions agreed by the panel will be reported to Full Council or the appropriate standing committee at the earliest opportunity.

5.19. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.

A review of council minutes shows that council authorises payments in accordance with the adopted Financial Regulations, and the council has in place a system to segregate duties in terms of the setting up and subsequent release of payments made via online banking.

Based on the level of financial activity of the council these authorisation thresholds appear appropriate.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £10.81 per elector

The council confirmed its eligibility and adopted the General Power of Competence (GPC) at the annual council meeting in May 2024 (Min ref FCO17) and the section 137 threshold does not apply.

Check receipt of VAT refund matches last submitted VAT return

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 30 June 2024 which showed a refund amount due of £5,337.06 and was fully supported by the required details. I was able to confirm receipt of the HMRC Remittance dated 22nd July 2024 and receipt into the bank account non 2nd August 2024. The council is up to date with its VAT submissions.

Confirm that checks of the accounts are made by a councillor

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

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

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

Audit findings

The council has a risk assessment process in place, which was last reviewed and approved by council in May 2024 (minute ref 23/025).

I confirmed that the council has a valid insurance policy in place with Zurich which covers the year under review. The policy includes Public Liability and Employers Liability cover of £12 million each and a Fraud & Dishonesty (Fidelity Guarantee) level of £500,000 which is sufficient for a council of this size, although the council is advised to keep this figure under review to ensure it covers the maximum balance held.

D. BUDGET, PRECEPT AND RESERVES**Internal audit requirement**

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

Audit findings

The council set a precept of £276,980 for 2024/25. With a tax base of 1,696 this equates to a band D equivalent of £163.28 (compared to the average in England of £85.89).

The Clerk confirmed that the 2025/26 budget setting process is about to commence with a meeting of the Finance Committee scheduled for October to prepare a draft proposal for recommendation to the council at the December 2024 meeting. With a view to full agreement of budget and precept in January 2025

There is evidence within the minutes of Finance Committee and Full Council meetings that reviews of financial performance take place during the year, including receiving income and expenditure reports, bank reconciliations and reviews of earmarked reserve balances and transfers. Council minutes include a list of payments, and these are appended to the minutes of the relevant meeting.

At the end of September, the income and expenditure report showed income at 82% of budget (Operation Watershed grant of £128,000) and expenditure at 47.%, suggesting that the budget has been accurately set and carefully monitored throughout the year.

The council holds circa £172,495 earmarked reserve at the date of the interim audit, spread across a range of clearly identifiable projects. I checked the purpose of these projects with the Clerk and am satisfied that they are all legitimate future planned projects for the council. At the start of the year, the council held a general reserve of circa £152,900

The Joint Panel on Accountability and Governance (JPAG) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

5.33. The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

5.34. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

5.35. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.36. *In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

5.37. *Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.*

The general reserve balance is within the recommended range outlined in 5.35 of the JPAG Practitioner's Guide and is at a suitable level for this size of council.

E. INCOME

Internal audit requirement

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

Audit findings

Apart from the precept, the council receives income from a range of sources including allotments, burial grounds and hall hire.

From a review of the accounting records, income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate nominal code. I tested a sample of invoices issued for each aspect of the council's operations and was able to confirm rates charged were consistent with the council's published charging schedule.

Fees are reviewed as part of the budget setting process, and a recommendation for these which will be received by the Finance Committee and then go before council, last reviewed in January 2024.

F. PETTY CASH

Internal audit requirement

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

Audit findings

The council has no petty cash.

G. PAYROLL

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

The council has six employees in total. All staff members have a signed contract of employment, based on the NALC template, and the council is a member of the Local Government Pension Scheme (LGPS).

Payroll is processed by West Sussex County Council who calculates the PAYE and pension deductions and makes the salary, HMRC and pension payments each month, subsequently invoicing the council for the total sum. I reviewed the payroll summary for two consecutive months and the payroll deductions appear correct.

There are no councillor allowances, although the Clerk is aware if paid to eligible (elected) members, these must be processed through payroll and assessed for tax and national insurance.

H. ASSETS AND INVESTMENTS

Internal audit requirement

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

Audit findings

The council has a fixed asset register in place, maintained in the Edge financial software, which includes details of asset location, date of acquisition, original purchase price, replacement value and insurance value. Assets are correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

The register has been updated with the removal of one piece of equipment this year.

The council has a Public Works Loan Board (PWLB) loan which was taken out for the Village Hall. A check of the year-end balances and confirmation of yearly payments will be conducted at the final internal audit.

I note that the council has an adopted Investment and Borrowing Policy

I. BANK AND CASH

Internal audit requirement

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

Audit findings

Financial Regulation 2.6 states *.On a regular basis, at least once in each quarter, and at each financial year end, council will review and verify bank reconciliations (for all accounts) produced by the RFO. A member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this.*

Bank reconciliations are completed monthly and presented to the Finance Committee for review. I reviewed the August 2024 bank reconciliation for all accounts and was able to confirm the balances to the bank statements and found no errors. **I remind council of the terms of FR 2.6 above.**

The council holds two accounts with Unity Trust and Investments with CCLA and NS&I. I note that the balances with Unity Trust exceed the £85,000 Financial Services Compensation Scheme (FSCS) protection limit and the council may wish to consider maximising the protection available.

J. YEAR END ACCOUNTS

Internal audit requirement

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

Audit findings

Testing to be conducted at final interim audit.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")

Audit findings

The council did not certify itself exempt in 2023/24 due to exceeding the income and expenditure limits and this test does not apply.

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

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

Audit findings

Testing to be conducted at final interim audit.

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

The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2023/24 Actual
Date AGAR signed by council	13 th June 2024
Date inspection notice issued	14 th June 2024
Inspection period begins	17 th June 2024
Inspection period ends	26 th July 2024
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2023/24, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

N: PUBLICATION REQUIREMENTS**Internal audit requirement**

The authority has complied with the publication requirements for 2023/24. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2024 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 2023/24, approved and signed, page 4*
- *Section 2 - Accounting Statements 2023/24, approved and signed, page 5*

Not later than 30 September 2024 authorities must publish:

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

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

Audit findings

I was able to confirm that the Notice of Public Rights is published on the council website along with the Notice of Conclusion of Audit and External Auditor Report and I was able to confirm that the publication requirements for 2023 / 2024 have been met.

O. TRUSTEESHIP**Internal audit requirement**

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

Audit findings

The council has no trusts.

Achievement of control assertions at interim audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below. Confirmation of continued compliance will be conducted at the final internal audit, with testing of internal control objectives J, L and N also completed at that visit.

	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 Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓ None Held
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	✓		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	To be tested at final internal audit		
K	If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			✓
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	To be tested at final internal audit		
M	The authority, during the previous year (2023/24) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N	The authority has complied with the publication requirements for 2023/24 AGAR.	To be tested at final internal audit		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			N/A

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

Yours sincerely

TJ Euesden

Tracey Euesden

Mulberry Local Authority Services Ltd

Interim Audit - Points Carried Forward

Audit Point	Interim Audit Findings	Council comments
<p>I. BANK AND CASH</p>	<p>Financial Regulation 2.6 states <i>.On a regular basis, at least once in each quarter, and at each financial year end, council will review and verify bank reconciliations (for all accounts) produced by the RFO. A member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this.</i></p> <p>Bank reconciliations are completed monthly and presented to the Finance Committee for review. I reviewed the August 2024 bank reconciliation for all accounts and was able to confirm the balances to the bank statements and found no errors. I remind council of the terms of FR 2.6 above.</p>	
<p>I. BANK AND CASH</p>	<p>The council holds two accounts with Unity Trust and Investments with CCLA and NS&I. I note that the balances with Unity Trust exceed the £85,000 Financial Services Compensation Scheme (FSCS) protection limit and the council may wish to consider maximising the protection available.</p>	