



Mr G Fairbairn
Burgess Hill Town Council
96 Church Walk
Burgess Hill
West Sussex
RH15 9AS

25 November 2024

Dear Graham

Re: Burgess Hill Town Council
Internal Audit for Financial Year Ended 31 March 2025 – Interim Audit report

Executive summary

Following completion of our interim internal audit on 25 November 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 Burgess Hill Town Council are well established and followed.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority's approval of the annual governance statement.

Independence and competence

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 34 years' experience in the financial sector with the last 14 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 remotely. The council's Responsible Financial Officer (RFO) had prepared the information advised in advance of the visit and forwarded to me for review. Overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through a review of the council website www.burgesshill.gov.uk

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

I reviewed the nominal ledger entries for the period 1 April 2024 to date. I found no evidence of instances of netting off and transactional items were posted with sufficient narrative detail to explain their source and appeared to be placed to the most appropriate nominal code budget headings.

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 for 2023/24 was not qualified and has been published on the council website along with the completed Notice of Conclusion of Audit form.

The conclusion of the audit was reported to the Finance Key Area Group Meeting held on 13 November 2024 (minute ref 7).

There is evidence within the minutes of council meetings of the receipt and review of internal audit reports during the year, with the interim internal audit being reviewed at the Finance Key Area Group Meeting held on 15 November 2023 (minute ref 25) and the final internal audit report being reviewed at the Finance Key Area Group Meeting held on 24 June 2024 (minute ref 49).

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website 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.

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 its website, and it is clear the council has made every effort to comply with the website requirements.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has a series of Key Area Groups, with details of future meeting dates published on the council website, along with historic agendas and minutes for council and Key Area Group 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 non-confidential supporting documents are made available on the council website along with agendas in accordance with the requirements of the Information Commissioner's Office.

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

Minutes are routinely uploaded to the council website.

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

I have noted at previous internal audits that the council's adopted Standing Orders are not based on the most recent NALC model, but an amalgamation of previous NALC versions. The RFO confirmed that a review of the Standing Orders is due to be conducted at either the January or March 2025 meeting and I recommend that the current NALC model version are used as a basis for the council to adopt an updated set.

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

As with the Standing Orders, the Financial Regulations are based on aspects of previous NALC model versions and are again due to be reviewed at the January or March 2025 meeting and I recommend the council uses the May 2024 NALC model as a basis for adoption.

Testing against the newly adopted Financial Regulations will be conducted as part of the final internal audit.

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

The council has adopted the General Power of Competence (GPC) 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 September 2024 which showed a refund amount due of £33,843.10 and was fully supported by the required details. I was able to confirm the receipt of the refund amount to the council's bank account on 8 November 2024. The council is up to date with its VAT submissions.

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 Management Policy and Risk Register which was most recently reviewed and approved by council at the meeting held in March 2023 with a further review due to be conducted at the March 2025 council meeting.

The risk register includes a series of potential risks within different areas of the council's operations, the mitigation measures in place and the management responsibilities for each item. This is a thorough approach and suitable for a council of this size with its range of risks attached to the services and facilities it provides.

I confirmed that the council has a valid insurance policy in place with Zurich Insurance which covers the year under review and is in a long-term agreement expiring in July 2026. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £2 million which is sufficient for a council of this size.

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 £1,054,366 for 2024/25. With a tax base of 12,837.5, this equates to a band D equivalent of £82.13 (compared to the average in England of £85.89).

The RFO confirmed that the 2025/26 budget setting process is underway, and I was provided with a copy of the draft budget for review at the interim audit. This was reviewed at the Finance Key Area Group Meeting on 13 November 2024 and the final approval of the budget and confirmation of the precept is scheduled to be agreed at the Council meeting in January 2025.

A review of agendas and minutes shows that detailed financial information is provided to the Finance Key Area Group meetings, which includes reviews of budget performance, analysing reserve levels and reporting and noting of bank reconciliations.

This approach provides councillors with sufficient financial information to make informed decisions.

At the date of the interim audit, the council held circa £777,000 in earmarked reserves, spread across a range of clearly identifiable projects, with supporting information explaining the purpose of each. I note that the EMR for Folders Meadow Play Equipment currently shows a negative balance, but the supporting notes confirm that the project is fully funded by s.106 funds which are due to clear the outstanding balance.

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.

A review of the general reserve balance will be conducted as part of the year-end internal audit, and the council is recommended to follow the JPAG guidance in determining an appropriate level.

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 burial fees, allotment rents, event income, management fees, advertising income, grants, sponsorship, bank interest and VAT refunds.

A review of the minutes of the Finance Key Area Group Meeting held on 22 January 2024 confirm that the pricing for goods and services offered by the Town Council were reviewed and approved (minute ref 39) and the RFO confirmed that a further review is scheduled for the January 2025 Key Area Group meeting.

F. PETTY CASH

Internal audit requirement

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

Audit findings

The council maintains a petty cash float used for incidental expenditure items. Due to the remote nature of the interim audit, I was unable to physically count the petty cash balance, but I have conducted this testing at previous on-site visits and am satisfied that the council has in place sufficient measures for the safe handling of 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

A review of the most recent payroll summary (October 2024) shows twenty employees. Payroll is processed in house by the RFO using the SAGE payroll software. I reviewed the payroll summaries for September and October and was able to confirm salary deductions amounts for tax and national insurance and pension contributions appear to be calculated correctly.

I was able to confirm HMRC and pensions payments are up to date and that the council is correctly not claiming the employment allowance for national insurance contributions.

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

There is a councillor allowance scheme in place, with payments made through payroll in accordance with HMRC requirements to assess tax and National Insurance implications.

H. ASSETS AND INVESTMENTS

Internal audit requirement

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

Audit findings

The council has a fixed asset register in place which includes details of assets, the category of each asset, the supplier details, location and value. The register contains columns detailing additions and disposals during the year, and a check of this value to include on the AGAR will be conducted at the final internal audit.

Assets are correctly listed at original net cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

The council has borrowing through the Public Works Loan Board (PWLB) and a check of the year-end balances and confirmation of yearly payments will be conducted at the final internal audit.

The council has no long-term investments.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

The minutes of Finance Key Area Group meetings show that the review and noting of bank reconciliations regularly take place.

As part of the review and update of the Financial Regulations, the new NALC model includes FR 2.6 which states 'At least once in each quarter, and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.' I recommend the council includes this in its adopted version as recognised best practice.

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

J. YEAR END ACCOUNTS

Internal audit requirement

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

Audit findings

Testing to be conducted at final internal 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 internal 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	24 June 2024
Date inspection notice issued	25 June 2024
Inspection period begins	27 June 2024
Inspection period ends	7 August 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

Testing to be conducted at final internal audit.

O. TRUSTEESHIP

Internal audit requirement

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

Audit findings

The council is the trustee of the Public Drinking Fountain (charity number 234513) and the National Playing Fields Association Land at Burgess Hill (charity number 291856).

A review of the Charity Commission website shows that the council is correctly listed as the sole trustee of both organisations and all reporting is up to date. Neither organisation has any financial transactions.

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.

	INTERNAL CONTROL OBJECTIVE	YES	NO	N/A
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	✓		
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.	✓		

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

Yours sincerely



Andy Beams

Mulberry Local Authority Services Ltd

Interim Audit - Points Carried Forward

Audit Point	Interim Audit Findings	Council comments
B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	<p>I have noted at previous internal audits that the council's adopted Standing Orders are not based on the most recent NALC model, but an amalgamation of previous NALC versions. The RFO confirmed that a review of the Standing Orders is due to be conducted at either the January or March 2025 meeting and I recommend that the current NALC model version are used as a basis for the council to adopt an updated set.</p> <p>As with the Standing Orders, the Financial Regulations are based on aspects of previous NALC model versions and are again due to be reviewed at the January or March 2025 meeting and I recommend the council uses the May 2024 NALC model as a basis for adoption.</p> <p>Testing against the newly adopted Financial Regulations will be conducted as part of the final internal audit.</p>	
I. BANK AND CASH	<p>As part of the review and update of the Financial Regulations, the new NALC model includes FR 2.6 which states '<i>At least once in each quarter, and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.</i>' I recommend the council includes this in its adopted version as recognised best practice.</p>	