

INTERNAL AUDIT SERVICE FOR LOWER WINTERBORNE PARISH COUNCIL

Audit Programme – Financial Year 2021-2022

I certify that I have carried out the tests detailed below in accordance with the suggested approach contained in the JPAG Practitioners Guide, published April 2022. In order to carry out the audit below I have also reviewed the minutes of the Parish Council and its committees to gauge the effectiveness of the authorities overall controls and decision making processes.

AGAR Certificate Reference	Tests	Test Complete	Comments
A : Appropriate accounting records have been kept throughout the year	Ensure that the carried forward balance from the prior year cash book balances to the new financial year	Yes	Carried forward balance on cashbook is showing on AGAR and on bank reconciliation for end of year.
I: Periodic bank reconciliations were properly carried out during the year.	Check a sample of the financial transactions in the cashbooks, to the bank statements and that S137 limits are adhered to.	Yes	<p>Nothing listed in S137 column for this year. All expenses are allocated to powers that the Parish Council has to spend.</p> <p>A sample was checked and a number of items found to be missing from the minutes – this was probably as a result of the changeover back to face-to-face meetings.</p> <p><u>Recommendation 1:</u> That the payments made between invoice ref: 21/40 and 21/52 are added as an addendum to the minutes of the July meeting.</p> <p><u>Recommendation 2:</u> That a corrected set of minutes for January are included in the signed minutes file. The signed copies in the file are missing BACS 082, however this is showing on the website text.</p> <p><u>Recommendation 3:</u> That the entries in the cashbook and bank that do not match are rectified. The two have a net effect of £0 on the cashbook but require attention as they are not supported by the paper invoices.</p> <p><u>Recommendation 4:</u> That the minutes for March 22 are amended to show the payment to HMRC was £16.40.</p>

			Recommendation 5: All income as well as expenditure should be included in the minutes.
	Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members	Yes	Bank reconciliations are produced regularly presented to the Council ahead of the meeting. The Councillors have an opportunity to ask questions and this is minuted.
	Verify the accuracy of the year-end bank reconciliation and ensure the correct amount is listed on the AGAR report	Yes	End of year bank rec has been reported to Councillors and the variances from budget explained. End of year bank reconciliation has been checked against the cashbook and opening and closing bank balances verified against statements.
	If the authority has bank balances in excess of £100,000 that it has an appropriate investment strategy	N/A	The Council has less than £100,000 cumulative across its two accounts.
B: The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for	Review the procedures in place for acquisition of formal tenders and quotes ensuring they are in line with the Standing Orders and Financial Regulations.	Yes	Standing orders and financial regulations were reviewed in May 22 (Mins 22.011&22.012). There are regular references in the minutes where quotes have been requested for services or items. Recommendation 6: That when quotes are received, they are kept in the audit file and explicitly minuted when decisions are made.
	Ensure that consistent values are in place for the acquisition of formal tenders between the Standing Orders and Financial Regulations	Yes	The standing orders state to refer to the financial regulations unless over £25,000 when the process is more structured. The financial regulations state that anything exceeding £4,000 should invite tenders. £3000 - £4000 the Clerk should gain 3 quotes and above £100 - £3000 the clerk should get 3 estimates.
	Review the procedure for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment.	Yes	Within the financial regulation document, part 5 outlines the procedure.
	Check that there is effective segregation between the writing of cheques or setting up of online payments and the physical release of the payments.	Yes	The Clerk sets up the BACS payments and two councillors need to authorise the payments.

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	Ensure that all cheques dated within the year are listed in the cashbook, whether cashed or not at the year end.	N/A	No cheques were written this year so there are no outstanding payments at the year end.
	Check all of the invoices to ensure that VAT has been identified and noted correctly in the Cashbook	Yes	All invoices were checked for VAT there were two invoices where VAT has not been allocated on the cashbook. <u>Recommendation 7</u> That the cashbook be amended to show the VAT element on the two invoices 21/09 and 21/109 where it has not been accounted for.
	Check that the VAT reclaims are prepared and submitted in a timely manner in line with underlying records and in accordance with HMRC requirements	Yes	The VAT refund for 2020-21 was paid back to the Parish Council in April 2021.
	Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place.	Yes	The financial regulations clearly state in section 6 what the controls are. There are no instances of the debit card being used in this financial year
C: The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	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	Yes	Risk Assessment was accepted by the Council and minuted 22.013
	Ensure that appropriate levels of insurance cover are in place for land, building , public , employers, and hirers (where applicable) liability, fidelity, employees, business interruption and cyber security	Yes	The insurance policy was included in the file and the appropriate levels of insurance checked. All are covered.
	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 officer or members that they have received the appropriate training and accreditation.	Yes	Cllr Allcock reports to the Parish Council meeting and any maintenance issues are minuted. He is listed on the website as being the contact for the play area. There is no detail about who actually monitors and inspects the play area. <u>Recommendation 8:</u> That the Parish Council ensures that whoever carries out the monitoring of the play areas and open spaces has the appropriate training and accreditation. The details of the inspector (even if this is an accredited Councillor)

			should be added to the Risk Assessment to acknowledge that someone has responsibility for this risk.
	Ensure that the internal and external audit reports are noted in the minutes including any recommendations and the associated remedial action to be taken.	Yes	<p>The Internal audit report was not reported to the Parish Council in a meeting, nor was it minuted that the audit had been completed although there is an acknowledgement within the External auditor's report.</p> <p>Recommendation 9: That the internal audit report is issued to the Council and recommendations minuted and agreed.</p> <p>The External audit report was completed on the 9th September and minuted at 22.050</p>
D: The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves are appropriate	Ensure that the full authority, not a committee, has considered, approved and adopted that annual precept in accordance with the required parent authority timetable.	Yes	The Budget and precept were agreed for 22-23 and submitted to the local authority for £39,480
	Ensure that budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances (+/- 10%)	Yes	Bank Reconciliations are produced for each Parish Council meeting approved by the Council and minuted. The budget versus actual report was produced alongside the budget before deciding the precept. This assisted the Council to check whether the budget figures were realistic.
	Ensure that the Authority has considered the establishment of specific earmarked reserves and ideally reviews them annually as part of the budget assessment process.	Yes	There is a clear list of earmarked reserves and these were listed in the budget documentation. There are separate accounts within the budget and cashbook for each of the villages within the Parish Council area.
	Ensure that any Community Infrastructure Levy monies that have been received have been ringfenced and allocated appropriately. As all CIL monies received need to be used within a 5-year time frame a schedule of projects to which each set of CIL received have been allocated, with timescales should be in place	Yes	There are no CIL monies currently held in the accounts nor listed in the income for the year.

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	Ensure that the precept in the accounts matches the submission form to the relevant authority and the public record of the precepted amount in the minutes.	Yes	The precept was for 21-22 was paid in two parts and totalled £39480 as precepted for during the 20-21 accounts (minutes checked online)
E: Expected income was fully received based on correct prices, properly recorded and promptly banked (e.g.: within 7 days). VAT was appropriately accounted for	Review Aged Debtor listings to ensure appropriate follow up action is in place	N/A	There were no debtors at the end of the year as the Council runs a receipts and payments account.
	Allotments (if applicable) ensure that appropriate signed tenancy agreements exist, that a register if tenants is maintained showing that debtors are monitored.	N/A	The Council does not have allotments
	Burials (if applicable) ensure that a formal burial register is maintained and that this is up to date and that a sample of internments are memorials are appropriately evidences, that fees have been charged at the correct approved rate and recovered within a reasonable time.	Partial	There are two sets of income relating to burials. The first is for interment fees and the second towards a headstone. There is no supporting paperwork in the audit file to support this, nor detail in the minutes relating to this income. (See Recommendation 5)
	Hall Hire (if applicable) ensure that an effective diary system for bookings in place identifying the hirer, hire times, and ideally cross-reference to invoices raised.	Partial	<p>There is income showing on the cash book for hall hire. There are some copy invoices raised for hall hire in the income folder but the hub booking and heating income for March are missing. (See Recommendation 5).</p> <p>The hall is used infrequently and currently the Cllr Luxford is handling the bookings for the hub with the Clerk raising the invoices.</p> <p>Listing the income in the minutes would allow Councillors to cross-reference bookings with income.</p>
	Leases: Ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents reviewed appropriately at the due time	No	<p>There are grazing fees showing in January & March 22, but no evidence of any leases or contracts within the audit file or on the website.</p> <p>Recommendation 10: That leases or contracts relating to land or buildings owned by the Parish Council are included in the file, so that the audit can check that the correct income is being collected.</p>

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	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 income	No	See above recommendations re the hub, invoicing and leases.
	Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained identifying the date(s) on which income is due and actually received banked.	No	See above recommendations re the hub, invoicing and leases.
F: Petty Cash payments were properly supported by receipts; all Petty cash expenditure was approved and VAT appropriately accounted for	Review the systems in place for controlling any petty cash and also cash floats	N/A	No Petty cash is held
	Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held	N/A	No Petty cash is held
	Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.	N/A	No Petty cash is held
	Ensure that VAT is identified whenever incurred and appropriate	N/A	No Petty cash is held
	Physically check the petty cash and other cash floats held	N/A	No Petty cash is 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	N/A	No Petty cash is held
	Ensure that for ALL staff a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.	Not tested	The Clerks contract was not included in the audit file; however, the Clerk was in post in the previous financial year so I would have expected this to have been tested during the last internal audit (undertaken by another auditor) Recommendation 11: That a copy of the Clerks contract be placed in the audit file so that the SCP rate and hours can be confirmed against the payments made.
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Yes	This is covered within the financial regulations; however, Councillors have chosen not to claim allowances in this Parish council at the present time.

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	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 and also with the contracted hours	Yes	The Clerk is paid 40 hours a month at the rate of SCP 11 (£11.30) A pay increase was awarded in March 22 and backdated to April 21. This raised the hourly rate to £11.50 Backpay was calculated and paid in in March alongside the salary for February.
	Ensure that the appropriate tax codes are being applied to each employee	Yes	The tax code is 511L which reflects the fact that the Clerk has other employment. The HMRC RTI tool is used to calculate the submissions and amounts owing
	Where free or paid for software is used, ensure that it is up to date	Yes	HMRC cloud software is used and updated by them.
	For a test sample of employees ensure that the tax is calculated properly	Yes	HMRC cloud software is used and updated by them.
	Check the correct treatment of Pension contributions	Yes	The Dorset County Pension fund is used and administered by Dorset Council.
	For NI ensure that the correct deduction and employer's contributions are applied	Yes	HMRC cloud software is used and updated by them.
	Ensure that the correct employers' pensions percentage contribution is being applied	Yes	The Dorset County Pension fund is used and administered by Dorset Council.
	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	Yes	The Payments were correctly paid to HMRC, Pension and the Clerk.
H: Asset and Investment registers were complete, accurate and properly maintained	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	Yes	Asset Register is included in the file and the total assets listed are £327807.34 The register shows where assets have been disposed of or replaced.
	Physically verifying the existence and condition of high value, high risk assets may be appropriate	Not tested	It would cost the Parish Council an additional fee for the Internal auditor to attend and verify the existence of the assets. It is suggested that this is done by someone closer in location to the Parish concerned.

AGAR Certificate Reference	Tests	Test Complete	Comments
	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 asset in forward planning for asset replacement	Yes	The asset register included the Value (at the time of purchase/gift) and the basis on which the asset is valued now. <u>Recommendation 12:</u> That a more comprehensive asset register is created which covers all of the requirements in the audit test.
	Additions and disposals records should allow tracking from the prior year to current	Yes	See recommendation 12 above.
	Ensure that the asset value to be reported in the AGAR equates to the prior year reported value, adjusted for new acquisitions and disposals.	Yes	See recommendation 12 above.
	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured	Yes	Values are equal to or more than those in the asset register
Fixed Asset investments			
	Ensure that all long-term investments (i.e.: those longer than 12 months terms) are covered by an investment strategy and reported as assets on the AGAR	N/A	The Council has no long-term investments
Borrowing and Lending			
	Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	N/A	The Council does not hold any loans
	Ensure that the authority has accounted for the loan appropriately (i.e.: arrangement fees are regarded as administration expenses in the year of receipt)	N/A	The Council does not hold any loans
	Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR	N/A	The Council does not hold any loans
	Ensure that the outstanding loan liability as at 31 st March each year is correctly recorded in the AGAR and verified via the DMO website	N/A	The Council does not hold any loans
	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	N/A	The Council does not hold any loans

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J: Accounting statements prepared during the year	Ensure that, where the annual turnover exceeds £200,000 appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting	Yes	The Council turnover is less than £200,000 so Receipts and Payment cash accounting is used.
	Ensure that appropriate accounting arrangements are in place to account for debtors and creditor during the year and at the financial year-end	N/A	See above
K: If the authority has certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt	The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline	N/A	The Council is required to have the accounts audited externally as over the £25,000 threshold
	That it has been published together with all the required information on the Authority's website and noticeboard	N/A	The Council is required to have the accounts audited externally as over the £25,000 threshold
L: The authority publishes information on a website/webpage and complies with the relevant Transparency Code	ONLY APPLICABLE FOR COUNCILS COVERED BY THE £25,000 EXTERNAL AUDIT EXEMPTION A review of the Authority's website shows that all the required documentation is published in accordance with the Transparency code	N/A	The Council is required to have the accounts audited externally as over the £25,000 threshold
M: The authority has, during the previous year correctly provided during the period for the exercise of public rights as required by the Accounts and Audit regulations	Check that the require 'Public Notice' has been created and clearly stated that there is a 30-working day period when the Authority's records are available for public inspection	Yes	The notice included a clear 30-day period.
	Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR	Yes	The minutes do not show that the public inspection period was stated at the meeting in May 21 when the AGAR was agreed and signed. Recommendation 13: That the declaration of the public inspection period is declared and minuted when the AGAR is signed.
N: The authority complied with the publication requirements for the prior year AGAR	Ensure that the statutory disclosure/publication requirements in relation to the prior years AGAR have been met as detailed on the front page of the current years AGAR	Yes	All of the publication requirements for the 20-21 audit period carried out in the 21-22 financial year have been met

O: Trust funds (including charitable) – the Council has met its responsibilities as a trustee	Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements	N/A	The council is not a trustee
	That the Council is the sole trustee on the Charity Commission register	N/A	The council is not a trustee
	That the Council is acting in accordance with the Trust deed	N/A	The council is not a trustee
	That the Charity meetings and account are recorded separately from those of the council	N/A	The council is not a trustee
	Review the level and activity of the charity and where a risk-based approach suggests such, review the independent Examiners report	N/A	The council is not a trustee

Report compiled by:

Paula Harding (Principal)
Barker Fox Associates

Date :