

INTERNAL AUDIT SERVICE FOR LOWER WINTERBORNE PARISH COUNCIL

Audit Programme – Financial Year 2022-23

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 2023. 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	The correct balance of £71,779 is carried forward on the cashbook, bank reconciliation and AGAR
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	No S137 monies were spent. The minutes were checked, but there were no minutes for 15 th March or 19 th April 22 listed on the website so BACS001 – BACS008 could not be checked. <u>Recommendation 1:</u> That all minutes are posted to the website so that they can be viewed by the public. BACS087 – 097 are not visible on the minutes of the January meeting as would be expected. <u>Recommendation 2:</u> That all payments made if in between meetings should be reported at the next available meeting with a note that they were agreed outside of the meeting and by what method, eg: Councillors email agreement. Sample of invoices and financial transactions was checked and found to be correct.
	Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members	Yes	Bank reconciliations are regularly taken to Parish Council meetings along with the position again budget. These are noted in the minutes as accepted by the Council.
	Verify the accuracy of the year-end bank reconciliation and ensure the correct amount is listed on the AGAR report	Yes	The year end bank reconciliation has been verified and is correct to the cashbook and bank statements
	If the authority has bank balances in excess of £100,000 that it has an appropriate investment strategy	N/A	The authority has balances less than £100,000 at this point

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	There are regular references in the minutes to quotes being requested. There was no reference in the audit file to the grass cutting contract so this could not be checked. <u>Recommendation 3:</u> That ALL tenders if contract is ongoing are included in the audit folder.
	Ensure that consistent values are in place for the acquisition of formal tenders between the Standing Orders and Financial Regulations	Yes	The Financial Regulations were reviewed and agreed with no change in May 22 (23.026) The Standing Orders were reviewed and agreed in November 22 (23.127) <u>Recommendation 4:</u> That the Financial Regulations and Standing orders are cross-checked to ensure that the financial limits are consistent.
	Review the procedure for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment.	Yes	The Financial regulation lay the process out clearly.
	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 are then required to authorise the payments
	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 are written, all payments are electronic.
	Check all of the invoices to ensure that VAT has been identified and noted correctly in the Cashbook	Yes	VAT has been checked on all invoices, included VAT reclaimed by the Clerk for goods bought on behalf of the Parish Council relating to the Clerks work. There were a number of invoices where VAT had been paid but where the purchase was made by a Councillor or parishioner as they had the required contacts. <u>Recommendation 5:</u> That where possible the Parish Council seeks to purchase goods and services first hand in order to reclaim the VAT. Where this is not possible a reference should be made on the invoice to show that the goods were for the Parish Council.

	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 was submitted and £2355.01 refunded in November 2022.
	Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place.	Yes	Processes and procedures around Debit Cards are included in the financial regulations.
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	The Risk Assessment was reviewed and agreed in May 2022 (Min 23.027)
	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 audit file and the cover was reviewed as appropriate
	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.	Partial	There are regular updates on equipment repairs and refurbishments but there is nothing in the minutes reviewed or the expenditure list that indicates that a formal playground inspection has taken place. Recommendation 6: That a formal playground inspection takes place and the outcome minuted.
	Ensure that the internal and external audit reports are noted in the minutes including any recommendations and the associated remedial action to be taken.	Partial	The internal audit report was submitted to the July Council meeting and the recommendations accepted. (Min 23.064). The external audit report was received on the 22 nd Sept 2022 but the outcome and assurance not minuted. The invoice was paid within the expenses during the 29 th September meeting. Recommendation 7: That the outcome of the External Audit is reported to the Parish Council at the earliest opportunity.

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 was considered and the precept set at £41,222 for 23/24 financial year (Minute 23.139). This is a 4.41% increase, well within the parameters.
	Ensure that budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances (+/- 10%)	Yes	Reports against budget are submitted to the Council at each meeting and minuted
	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	The last audit reported that specific earmarked reserves were in place. This documentation was not included in the audit this time, however I have no reason to believe that this has significantly changed
	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	N/A	There are no CIL monies in the Parish Council account and none due during this financial year.
	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	£39480 was received as a precept in this financial year
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	The Parish Council had no debtors at the year end
	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	Whilst there is some supporting evidence the burial section of the folder to support the burials income not every payment is supported. <u>Recommendation 8:</u> That an income section is added to the audit folder and that all of the hub receipts, burials and other income is listed in there and referenced so it can be cross-referenced.

	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	Hub booking and payment receipts are now included in the accounts evidence file. The Clerk reports that the Councillors have requested monthly income reports as well as expenditure reporting and this would go quite a way to assisting with the transparency and audit process.
	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	Yes	Copies of the grazing licence are included in the file with a schedule of payments due. Payment was received as expected in July 2022
	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	Yes	The hub expenditure will now be reported via monthly income reports and minuted so will be more transparent in future.
	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.	Yes	Grazing licence income was received.
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 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 whenever 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	N/A	No Petty Cash is held and all income from the hub is backed and receipts given.

G: Salaries to employees and allowances to members were in accordance with the authority's approvals and PAYE and NI requirements were properly applied	Ensure that for ALL staff a formal employment contract in in place together with a confirmatory letter setting out any changes to the contract.	Yes	Current Clerks contract was included in the audit file. Starting salary is quoted as £27344 pro rata (SCP 18)
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	N/A	No member allowances are being paid.
	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	Monthly salary for 40 hours is correct on Clerks Expenses sheet.
	Ensure that the appropriate tax codes are being applied to each employee	Yes	HMRC tax and NI tool is being used to calculate deductions and copies are placed in the file
	Where free or paid for software is used, ensure that it is up to date	Yes	HMRC software is being used so will be up to date
	For a test sample of employees ensure that the tax is calculated properly	Yes	HMRC tool is being used
	Check the correct treatment of Pension contributions	Yes	DCC pension fund is being used and these are calculated and submitted electronically
	For NI ensure that the correct deduction and employer's contributions are applied	Yes	HMRC tool is being used
	Ensure that the correct employers' pensions percentage contribution is being applied	Yes	DCC pension fund is being used and these are calculated and submitted electronically
	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	For March 23 (the sample tested) the correct net pay has been paid to the employee
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	The Asset register is in place and was reviewed again in April 2023.
	Physically verifying the existence and condition of high value, high risk assets may be appropriate	N/A	It is not cost effective for the internal auditor to visit the Parish to carry out this test.
	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 includes the value and the basis on which it is valued.

	Additions and disposals records should allow tracking from the prior year to current	Yes	Any items sold or replaced are noted on the register.
	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	The asset register has been updated in the last financial year and the new value is reflected in the AGAR.
	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured	Yes	The Parish Council needs to ensure that the replacement Play equipment is adequately insured at the point of renewal Recommendation 9: That the insurance cover for the Playground is assessed following the replacement of equipment
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	No long-term investments are held.
AGAR Certificate Reference	Tests	Test complete	Comments
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)		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		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		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		The Council does not hold any loans

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	N/A	Annual Turnover does not exceed £200,000
	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	Receipts and payments accounting is in place
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 exceeds the limit to claim exemption
	That it has been published together with all the required information on the Authority's website and noticeboard	N/A	The Council exceeds the limit to claim exemption
L: The authority publishes information on a website/webpage and complies with the relevant Transparency Code	<p>FOR COUNCILS COVERED BY THE UNDER £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 :</p> <ul style="list-style-type: none"> • A list of all expenditure of £100 • End of year Accounts • Annual Governance Statement • Internal Audit Report • List of Councillors and responsibilities • Details of public land and buildings • Minutes, Agendas and meeting papers of formal meetings and committees. 	N/A	The Council exceeds the limit to claim exemption
	<p>FOR COUNCILS OVER THE £25,000 EXEMPTION LIMIT : A review of the Authority's website shows that:</p> <ul style="list-style-type: none"> • A list of all expenditure of £500 • End of year Accounts • Annual Governance Statement • Internal and External Audit Report • List of Councillors and responsibilities 	Partial	<p>No financial documents are showing for 2022/23 financial year yet. Therefore a review was done for the previous year to estimate what should be showing</p> <p>A list of over £500 expenditure is not showing for the 2021/22 financial year. End of year Accounts are not showing although the bank reconciliation is in place.</p>

	<ul style="list-style-type: none"> • Details of public land and buildings • Details of goods and services open to tender quotes. 		<p>Councillors responsibilities are available.</p> <p>No tenders are showing even if expired.</p> <p>The internal audit report is showing but the external audit report is not.</p> <p>Recommendation 10: To ensure that all of the required information to comply with legislation is visible on the website</p>
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	Public notice is available for viewing on the website for Jun-July 22
	Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR	Yes	<p>The council did not minute the relevant dates of the public notice period.</p> <p>Recommendation 11: That the public notice period is minuted</p>
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	See Recommendation 7 relating to the External Audit report being minuted and added to the website
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 :