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Dear Kirsty,

10th June 2023

Stinsford Parish Council Internal Audit

Please find attached the internal audit report for April 2022 – March 2023. I have included a detailed checklist showing what tests I carried out on the accounts and supporting documents and any recommendations I have as a result of this work.

All of the supporting documents that I required to carry out the audit were included and well presented.

There are 7 recommendations made this year. Most of these are relating to policies, guidance and transparency but do not detract from the accuracy of the financial accounts. There is, however, one recommendation to the audit relating to outstanding VAT and this needs to be rectified as soon as you are able to do so.

Internal Audit Opinion

Overall, I am able to offer substantial assurance on the financial transactions for 2022-23 as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

I have signed off the Internal Audit section of the Annual Return with just one note regarding the VAT reclaim and one re the publication of information on the website, however I feel these are oversights rather than deliberate and so the assurance opinion stands.

The Audit Report, Recommendations and this letter should be sent to all Parish Council members so that they can fully understand the advisory recommendation made. As always, I am happy for any of the Parish Council to contact me personally if they wish to discuss any of the recommendations made, the tests carried out or the overall opinion given.

Regards

Paula Harding, Appointed Internal Auditor for Stinsford Parish Council

Stinsford Parish Council Audit – 2022/23

Summary of Audit Checklist Recommendations:

Recommendation 1:

That the bank charges are reported to the Parish Council along with ordinary expenditure.

Bank charges are still a cost to the Council and whilst they appear on the cashbook they should also be acknowledged in the minutes. It is understood that the Council are considering another account provider, however in the mean time the cost of this not being undertaken should be clear to the Councillors and the public.

Recommendation 2:

That quarterly bank reconciliation reports are presented to the Council and minuted.

Whilst there are less than 30 transactions per year it is important that the Council and wider public can see that the financial processes are up to date and transparent.

A quarterly reported bank reconciliation would be sufficient for this size of Parish Council and this should be reported in the minutes.

Recommendation 3:

That the Standing Orders and Financial Regulations are re-considered and brought in line.

The two documents must hold the same information with regard to financial boundaries. The Financial Regs refer to item 18 in the Standing orders but the values contained within these are inconsistent.

Recommendation 4:

That the cashbook is amended to include the £2.00 VAT not apportioned.

If an invoice is paid on behalf of the Parish Council by the Clerk and the invoice states the name of the Parish Council it can be treated as if it were IMPREST, e.g.: as if the Clerk had claimed it from the Petty Cash tin. Where Petty cash is not being operated the Clerk can claim this through their expenses.

Recommendation 5:

That the outstanding VAT from 2021-22 financial year is reclaimed as soon as possible.

Whilst there is only £2.00 VAT from the 22-23 financial year to claim back there are a number of outstanding VAT amounts not reclaimed from the previous year.

Recommendation 6:

That before the play area is reopened that a full inspection is carried out by an accredited body.

The playground is likely to be closed for a long period of time whilst the wall is repaired/replaced. During this time the play equipment may suffer some deterioration through not being used. An inspection by an accredited body would ensure that no hazards

were left behind by the contractors and that all the equipment was safe after being unused for such a long period of time.

Recommendation 7:

That Councillors responsibilities and some form of Internal Audit report are included on the website.

To comply with the transparency legislation

Paula Harding
Internal Auditor

INTERNAL AUDIT SERVICE FOR STINSFORD 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
<p>A : Appropriate accounting records have been kept throughout the year</p> <p>I: Periodic bank reconciliations were properly carried out during the year.</p>	Ensure that the carried forward balance from the prior year cash book balances to the new financial year	Yes	Carrie forward amount is correct at £21,644 on the cashbook
	Check a sample of the financial transactions in the cashbooks, to the bank statements and that S137 limits are adhered to.	Yes	£200 was paid towards the Community Magazine, but this is well within the limits of S137. Recommendation 1: That the bank charges are reported to the Parish Council along with ordinary expenditure
	Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members	Yes	A bank reconciliation was prepared ahead of the budget process, but there are less than 30 transactions per year. Quarterly reports would be suggested. Recommendation 2: That quarterly bank reconciliation reports are presented to the Council and minuted.
	Verify the accuracy of the year-end bank reconciliation and ensure the correct amount is listed on the AGAR report	Yes	Year end figures have been verified and are correct on the AGAR report
	If the authority has bank balances in excess of £100,000 that it has an appropriate investment strategy	N/A	Balances are less than £100,000
<p>B: The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for</p>	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 order and Financial regs were reviewed in May 2022 (Min 29.2). Formal tenders are over £25,000. 3 quotes are expected between £3,000 and £25,000
	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 tenders from £60,000 the Financial Regulations state £25,000. Recommendation 3: That the Standing Orders and Financial Regulations are re-considered and brought in line.

	Review the procedure for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment.	Yes	Processes are included in the financial regulations
	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	Both cheques and bank BACS payments require a secondary authorisation.
	Ensure that all cheques dated within the year are listed in the cashbook, whether cashed or not at the year end.	Yes	
	Check all of the invoices to ensure that VAT has been identified and noted correctly in the Cashbook	Yes	There is a small amount of £2.00 which is included in the Clerks Expenses but which can be claimed back as the invoice is made out to the Parish Council as well. Recommendation 4: That the cashbook is amended to include the £2.00 VAT not apportioned.
	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 last VAT reclaim was in June 2021. Recommendation 5: That the outstanding VAT from 2021-22 financial year is reclaimed as soon as possible.
	Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place.	Yes	Controls are listed but Debit cards were not used during this 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	Annual Risk Assessment was reviewed and adopted in May 22 (Min 31.2)
	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	All insurance amounts are appropriate to the Assets and financial risks.

	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	The usual annual playground inspection did not take place in 2022-23. However, the play area was to be closed for the wall repair in early 2023. Recommendation 6: That before the play area is reopened that a full inspection is carried out by an accredited body.
	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	No external audit was required as less than £25,000 income or expenditure. Internal audit was reported to the council in June 2022 (Min 45.1)
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 consideration was taken to the Parish Council in Jan 2023 (Min 4.2) It was agreed to keep the precept at £5,500 for the year.
	Ensure that budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances (+/- 10%)	Yes	This is provided at the budget meeting and also for the end of year accounts. Given the few transactions carried out each year it would be onerous to produce this more frequently.
	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 reserves are listed on the cashbook. £13,888 is ringfenced with the rest in the general reserve.
	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 is no CIL money held at this time
	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	£5,500 was precepted and received

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 are no Debtors
	Allotments (if applicable) ensure that appropriate signed tenancy agreements exist, that a register of tenants is maintained showing that debtors are monitored.	N/A	There are no 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 evidenced, that fees have been charged at the correct approved rate and recovered within a reasonable time.	N/A	The Parish Council is not responsible for burials
	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.	N/A	The Parish Council is not responsible for a Hall.
	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	N/A	The Parish council does not currently hold any leases.
	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	N/A	There are no other income streams
	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.	N/A	Precept was received on time.
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
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 is in place together with a confirmatory letter setting out any changes to the contract.	Yes	Clerks contract was checked and is up to date. Annualised 20 hours a month.
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Yes	Members allowances are not claimed at this time
	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	Clerks tax code is BR as she has another contract with a full tax allowance elsewhere.
	Ensure that the appropriate tax codes are being applied to each employee	Yes	See above
	Where free or paid for software is used, ensure that it is up to date	Yes	HMRC software is used for submissions and RTI payments
	For a test sample of employees ensure that the tax is calculated properly	Yes	Basic Rate tax is deducted
	Check the correct treatment of Pension contributions	N/A	The Clerk has opted out of the Pension scheme
	For NI ensure that the correct deduction and employer's contributions are applied	N/A	Clerks salary is too low to attract NI contributions
	Ensure that the correct employers' pensions percentage contribution is being applied	N/A	See above
	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	All correct

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 was reviewed at the May 22 meeting (Min 31.2). No assets were added or disposed of in the year,
	Physically verifying the existence and condition of high value, high risk assets may be appropriate	N/A	Assets were not verified
	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	Register is complete
	Additions and disposals records should allow tracking from the prior year to current	Yes	Register is complete
	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	Checked
	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured	Yes	Insurance values are sufficient
	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 has no 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 has no loans
	Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR	N/A	The Council has no 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 has no 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 has no 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 is less than £200,000 a year
	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 used.
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	Yes	Certificate of Exemption was minuted in June 2022 (Min 45.1) and is correct.
	That it has been published together with all the required information on the Authority's website and noticeboard	Yes	The Exemption certificate is displayed on the website as part of the AGAR return
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. 	Yes	<p>A list of Councillor responsibilities (e.g.: what are their responsibilities on the Council, e.g.: chairman of finance committee, playground inspection etc.) is required</p> <p>The internal audit report is published within the AGAR, but this gives no indication as to and recommendations made. Therefore, either the audit checklist or Audit recommendations should be included.</p> <p><u>Recommendation 7:</u> That Councillors responsibilities and some form of Internal Audit report are included on the website.</p>

	FOR COUNCILS OVER THE £25,000 EXEMPTION LIMIT : A review of the Authority's website shows that: <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 • Details of public land and buildings • Details of goods and services open to tender quotes. 	N/A	Council is under £25,000
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	Published on the website
	Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR	Yes	Minuted in June 2022 (Min 45.1)
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 requirements were 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	Parish Council is not a trustee
	That the Council is the sole trustee on the Charity Commission register	N/A	Parish Council is not a trustee
	That the Council is acting in accordance with the Trust deed	N/A	Parish Council is not a trustee
	That the Charity meetings and account are recorded separately from those of the council	N/A	Parish 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	Parish Council is not a trustee

Report compiled by:



Paula Harding (Principal)
Barker Fox Associates