

INTERNAL AUDIT SERVICE FOR STINSFORD 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 | The carried forward amount is correct. |
| 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>There are no S137 payments. The cashbook is showing a payment for £606 to the Clerk in April 2021, however the paperwork shows a higher amount</p> <p><u>Recommendation1:</u> That the amount on the paperwork is corrected to match the payment or the Clerk is reimbursed the difference owing.</p> <p>The bank statement number 279 for Feb 22 is missing from the file. However, it was easy to check the two payments that were in the cashbook and to reconcile the statement before and after using this.</p> <p><u>Recommendation 2:</u> That the missing bank statement is added to the file as soon as possible.</p> <p>There are bank charges invoices in between the bank statements. These are mentioned on the cashbook as a summary total but with no supporting evidence in the expenditure section.</p> <p><u>Recommendation 3:</u> That the bank charges invoices are included in the expenditure section. Ideally these should show on the cashbook as they are incurred rather than as a bulk at the end of the year.</p> |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|---|---|---------------|--|
| | Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members | Yes | The bank reconciliation is prepared regularly and the end of year bank reconciliation was produced and signed off with the accounts. Some of the figures on the bank rec have been rounded, so the figures are not strictly correct. When expended with the pence it balances. <u>Recommendation 4:</u> That the bank reconciliation is corrected (as annotated by the auditor) to show the full figures included pence. |
| | Verify the accuracy of the year-end bank reconciliation and ensure the correct amount is listed on the AGAR report | Yes | Checked, see above recommendation 4 for accuracy. |
| | If the authority has bank balances in excess of £100,000 that it has an appropriate investment strategy | N/A | Parish Council does not have a balance over £100,000 |
| 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 | The procedures in place for tenders are adequate Standing orders were last reviewed and updated July 2019 Financial regulations were last reviewed and updated September 2019. |
| | Ensure that consistent values are in place for the acquisition of formal tenders between the Standing Orders and Financial Regulations | Yes | The amounts 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 procedure is clear in the financial regulations and the Clerk currently has a delegated authority until Sept 2022 to make payments outside of a meeting if agreed by councillors verbally by phone or electronically. This is to ensure business can continue if meetings cannot take place as a result of Covid disruption. |
| | 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 | All cheques have to be signed by the Clerk and 2 other Councillors. |
| | Ensure that all cheques dated within the year are listed in the cashbook, whether cashed or not at the year end. | Yes | All cheques were cashed in the year Cheques were written from 100321 to 100349 |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|---|--|---------------|---|
| | Check all of the invoices to ensure that VAT has been identified and noted correctly in the Cashbook | Yes | The VAT has been checked from the cashbook to the invoices and is correct. |
| | 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 reclaim for 2020-21 was received in June 2022. |
| | Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place. | N/A | No debit or credit cards were used 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 | A risk assessment was created and reviewed by the Council in April 2021. It was adopted and minuted at 45.2 |
| | 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 | The insurance cover and premium were discussed and agreed in May 21. The appropriate levels were checked and the more comprehensive policy chosen. The Council agreed to a 3-year deal to keep the price level. This is minuted at 58.2 |
| | 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 | An annual inspection is carried out. The outcome of this can be seen in the minutes 6.1/6.2 and 6.3 |
| | 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 | The internal audit was noted in May 21 and minuted at 57.1 The recommendations were noted. There was no external audit report as the Council correctly certified itself as exempt. |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|---|---|---------------|---|
| 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 Council considered the precept for 2022-23 and agreed to keep the amount the same at £5,500 for the year. This was minuted at 5.3 |
| | Ensure that budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances (+/- 10%) | Yes | The budget report was presented to the Council in January 2022. A list of Variances was also produced. This was minuted at 5.3 With the final accounts and AGAR, a list of variances is included. |
| | 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 | A list of earmarked reserves is included in the budget and the supporting paperwork to the AGAR. |
| | 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 by the Council at this time. There is Section 106 monies in the earmarked reserves, but this is not subject to the same timescales as the CIL framework which has a maximum of 5 years. |
| | 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 amount of £5,500 was requested and received. |
| | 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 amount of £5,500 was requested 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 aged 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 | The Council does not have any 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 Council does not operate a burial ground |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|---|---|---------------|--|
| | 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 Council does not operate 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 Council does not have any current leases in place. |
| | 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 | Other income includes grants towards the neighbourhood plan. A separate report of income and expenditure is kept for the neighbourhood plan |
| | 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 | The Council only has the precept as controlled income, all other income sources are ad-hoc and cannot be planned for. |
| 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 in in place together with a confirmatory letter setting out any changes to the contract. | No | This information was not provided. <u>Recommendation 5:</u> That a copy of the Clerks contract is kept in the audit file |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|---|---|---------------|---|
| | Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability | Yes | Members do not currently take allowances. A member's allowance policy would need to be in place before this could occur. |
| | 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 | Partial | No RTI reports or submissions to HMRC were included in the file. However, the Clerks invoices could be tested. Currently the Clerk is paid for 20 hours a month at SCP 5. The current rate for SCP in this period was £10.04 rising to £10.21 following the Pay award. The salary was correctly paid and the backpay correctly calculated and paid in March 2022. Recommendation 6: That future payments to HMRC are supported by a copy of the RTI sheet showing that the PAYE and NI has been calculated correctly. |
| | Ensure that the appropriate tax codes are being applied to each employee | No | See above recommendation 6 so this can be tested. |
| | Where free or paid for software is used, ensure that it is up to date | No | See above recommendation 6 so this can be tested. |
| | For a test sample of employees ensure that the tax is calculated properly | Partial | See above recommendation 6 so this can be tested. The clerk is paying 20% of the salary to HMRC as they also work elsewhere. Basic Rate code is being applied. |
| | Check the correct treatment of Pension contributions | N/A | No pensions contributions are being made. |
| | For NI ensure that the correct deduction and employer's contributions are applied | No | See above recommendation 6 so this can be tested. |
| | Ensure that the correct employers' pensions percentage contribution is being applied | N/A | No pensions contributions are being made. |
| | 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 deductions made from the Clerks Salary are being paid to HMRC. There are no pension contributions required. |
| 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 was reviewed and agreed in minutes 45.2 at the April 22 meeting. The report includes Date of purchase, disposal if applicable, initial cost, location and value. |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|----------------------------|---|---------------|---|
| | Physically verifying the existence and condition of high value, high risk assets may be appropriate | Not tested | It is not cost effective for the internal auditor to visit and verify these assets for a Council with such a small precept. |
| | 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 register includes all of the above except for the insured values. <u>Recommendation 7:</u> That the insured values are added to the Asset register. |
| | Additions and disposals records should allow tracking from the prior year to current | Yes | This is included |
| | 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 value on the AGAR matches the register including the addition of the grit bins |
| | Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured | Yes | All are adequately covered |
| | 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 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 |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|--|--|---------------|--|
| | 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 | The 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 | The annual turnover does not exceed £200,000. Receipts and payment accounting is correctly being carried out. |
| 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 | The certificate of exemption was correctly prepared and minuted for the 2020-21 accounts in minutes 57.2 |
| | That it has been published together with all the required information on the Authority's website and noticeboard | Yes | These can be seen on the website. |
| 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 | Yes | The correct documentation has been published in accordance with the transparency code and is still available on the website for the previous year. |
| 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 dates were 22 nd June to 2 nd August 2021. |
| | Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR | Yes | The Council did not minute the dates in 57.1 when they agreed the approval of the AGAR. <u>Recommendation 8:</u> That the dates of the public inspection are agreed and minuted when the AGAR is approved. |

| AGAR Certificate Reference | Tests | Test complete | Comments |
|---|---|---------------|---|
| 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 requirements have been met and documents published on 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 :