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Dear Amanda,

27th June 2023

Cheselbourne Parish Council Internal Audit

Please find attached the internal audit report for April 2022 - March 2023.

The files were well presented with all the required documentation enclosed with the exception of the public inspection notice. This was a significantly better position than last year

There are 4 recommendations, 3 of which are administrative and minor in nature, the fourth is a statutory requirement regarding the publication of rights to inspect the accounts, this may have been carried out but there is no evidence in the file, website or minutes to support this.

With regard to the Annual Return, I have signed off the Internal Audit section for the accounts and annotated it where the requirements above have not been met. Overall, I am happy that the accounts are accurate and truly reflect the position of the Council for the 22-23 financial year, but unable to offer more than reasonable assurance due to the statutory rights omission.

My overall Audit opinion is as follows:

Audit Opinion

I am able to offer **reasonable** assurance as most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

(The Audit grades are Substantial, Reasonable, Partial and None.)

The Audit Checklist Report, Recommendations and this letter should be copied to all Parish Council members so that they can fully understand the recommendations being made and forwarded to the External auditors if requested. 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 Cheselbourne Parish Council

Cheselbourne Parish Council Audit – 2022/23

Summary of Audit Checklist Recommendations:

Recommendation 1:

That the outstanding invoice for the internal audit from 21-22 is settled as soon as possible.

This payment is showing on the cashbook, but there is no evidence on the bank statement that this was paid. The payment was authorised in the minutes but not processed via the bank.

Recommendation 2:

That the entry BACS007 in the July minutes is amended as it was not paid and was included in BACS009.

A note should be made in the minutes to show that BACS 007 was not paid from the bank account and was incorporated into the second payment which was made. The cashbook is showing this entry as £0.00 and it is clear that no funds were sent.

Recommendation 3:

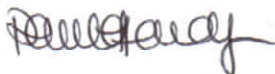
That the BACS payment reference in the Jan and March minutes are corrected to reflect those on the cashbook.

The cashbook and financial position are correct, however the referencing on the minutes is out and needs correction so that the audit trail can be followed more easily.

Recommendation 4:

That the public notice is published on the website and the dates for public inspection noted at the same time as approving the AGAR

This is to evidence that the public inspection period was correctly advertised and held.



Paula Harding
Internal Auditor

INTERNAL AUDIT SERVICE FOR CHESELBOURNE 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	The opening balances in the bank statement correlate with the opening balances on the AGAR
	Check a sample of the financial transactions in the cashbooks, to the bank statements and that S137 limits are adhered to.	Yes	<p>All cashbook entries have supporting paperwork.</p> <p>There is one outstanding payment that is showing as paid by BACS but with no entry on the bank statements relating to the internal audit invoice for last year.</p> <p><u>Recommendation 1:</u> That the outstanding invoice from 21-22 is settled as soon as possible</p> <p><u>Recommendation 2:</u> That the entry BACS007 in the July minutes is amended as it was not paid and was included in BACS009.</p> <p><u>Recommendation 3:</u> That the BACS payment reference in the Jan and March minutes are corrected to reflect those on the cashbook.</p>
	Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members	Yes	The reconciliations are undertaken regularly, reported 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	The reconciliation is correct and the end of year balance of £7760.79 correctly entered on the AGAR sheet.
	If the authority has bank balances in excess of £100,000 that it has an appropriate investment strategy	Yes	The Parish Council has less than £100,000 so this is not required.
B: The authority complied with its financial regulations, payments were supported by	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 Financial regulations and Standing orders were reviewed and agreed in May 22 – Min 22.13 with no amendments. The Council is aware of the requirements as

invoices, all expenditure was approved and VAT was appropriately accounted for			shown in the minutes when discussing grass cutting contracts.
	Ensure that consistent values are in place for the acquisition of formal tenders between the Standing Orders and Financial Regulations	Yes	The amounts are clearly listed in the financial regulations and the upper limits clear in the standing orders.
	Review the procedure for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment.	Yes	The processes are clearly laid out 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	Cheques are no longer written, all payments are made by Bacs, however these still 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	No Cheques were written this year, all payments were made by BACS
	Check all of the invoices to ensure that VAT has been identified and noted correctly in the Cashbook	Yes	All VAT entries on the cashbook are correct and no invoices are showing VAT which are not listed.
	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 2021-22 VAT claim was received back in March 2023 and the amount minuted. The 22-23 VAT claim is to be submitted once the audit period is complete.
	Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place.	Yes	Debit cards have not been used to pay invoices 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	The Risk Assessment has been reviewed and agreed by the Council in May 2022. Min 22.14
	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 was reviewed and agreed in July 2022
	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	Yes	Playground inspection was undertaken by an external company and reported in July 2022. Min 22.38. There are clear minutes which show the work that the Parish Council is considering following the report.

	the appropriate training and accreditation.		
	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 reported in July 2022. Min 22.35. The Council requested follow up information which was reported in Sept 22. The Council then agreed the report and recommendations. No External audit was carried out as the Council applied for an exemption in line with guidance.
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 received a draft budget in Jan 23. Min 22.101 This was discussed and minuted and the decision made to set a precept of £5490 for the 23-24 financial 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	Budget monitoring reports are regularly presented to council along with the bank reconciliations
	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	Earmarked reserves are clearly shown on the budget papers and minutes show that the earmarked reserves are adjusted as payments are made from them.
	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	No monies from CIL are showing in the Parish Council accounts at the end of the 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	The Precept of £4725 was fully received during the 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	Yes	The Parish Council operate receipts and payments accounts so no debtors were raised.
	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 has 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 evidences, that fees have been charged at the correct approved rate and recovered within a reasonable time.	N/A	The Council does not have a burial ground
	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 has no leases in place at this time
	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	Other than the precept, VAT reclaim and grants the Council has 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.	Yes	Income due on set days 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 was held
	Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held	N/A	No Petty Cash was held
	Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.	N/A	No Petty Cash was held
	Ensure that VAT is identified whenever incurred and appropriate	N/A	No Petty Cash was held
	Physically check the petty cash and other cash floats held	N/A	No Petty Cash was 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 was 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	The contract of employment for the Clerk was included in the file and the correct SCP scale and hours are in place
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Yes	No members allowances are being paid 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' salary is being paid correctly
	Ensure that the appropriate tax codes are being applied to each employee	Yes	Clerks' salary is subject to Basic Rate tax as they have other employment elsewhere
	Where free or paid for software is used, ensure that it is up to date	Yes	HMRC Software is used to calculate Tax and NI
	For a test sample of employees ensure that the tax is calculated properly	Yes	See above
	Check the correct treatment of Pension contributions	Yes	The Clerk is not paying into the Pension scheme at this time.
	For NI ensure that the correct deduction and employer's contributions are applied	Yes	The Clerks salary is under the NI thresholds
	Ensure that the correct employers' pensions percentage contribution is being applied	Yes	The Clerks salary is under the Pension thresholds
	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	20% BR tax was deducted on each of the payslips tested
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 and agreed in May 22 – Min 22.14 It has been updated to include the new asset purchased in this year
	Physically verifying the existence and condition of high value, high risk assets may be appropriate	N/A	It would not be cost effective for the internal auditor to visit the Parish to do this.
	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	There is a clear lay out on the asset register with dates and amounts.

	Additions and disposals records should allow tracking from the prior year to current	Yes	This can be clearly seen
	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 amount entered on the AGAR is correct
	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured	Yes	Insurance policy does not individually list the asset but covers 'all property' under a £10,000 insurance limit with a £100 excess.
	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	Yes	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
	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	Yes	The Councils turnover is less than £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	Yes	The Council operates a receipts and payment account so no debtors/creditors in place

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	There is no public notice on the website nor in listed in the minutes for the 21-22 financial year. Recommendation 4: That the public notice is published on the website and the dates for public inspection noted at the same time as approving the AGAR
	Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR	Yes	See above
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 year's AGAR have been met as detailed on the front page of the current years AGAR	Yes	All requirements with the exception of those noted in Recommendation 4 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 : 21/6/23