

INTERNAL AUDIT SERVICE FOR CERNE VALLEY PARISH COUNCIL

Audit Programme – Financial Year 2024-25

I certify that I have carried out the tests detailed below in accordance with the suggested approach contained in the JPAG/SAAA Practitioners Guide, published April 2024. 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 authority's 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 balance matches the cashbook and bank statements and is carried forward correctly on the 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	The S137 payments are as follows: There is a grant payment of £800 to Cerne Abbas School for a path in front of the MUGA and play area. This is detailed in the minutes dated 14/11/24 (11) Honorarium payments of 5 x £50 are agree in the same Minutes (19/11/24) for those who assist the Parish Council as a volunteer. The total is therefore £1050 which is well within the limit of £10.81 per elector. A sample of the transactions was checked and were correct.
	Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members	Yes	The bank reconciliations were prepared quarterly and presented to the next available meeting. These were not minuted. Recommendation 1: That the bank reconciliations are acknowledged and scrutinised by the Councillors. This should be minuted.
	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 rec is correct and this is cross checked with the AGAR.
	If the authority has bank balances more than £100,000 that it has an appropriate investment strategy	Yes	The Council does not have balances over £100,000
B: The authority complied with its risk regulations, payments were supported by invoices, all expenditure was approved and VAT	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 standing orders and financial regulations have clear procedures in place for tenders. These were due to be reviewed again in May 2025.
	Ensure that consistent values are in place for the acquisition of formal tenders between the Standing Orders and Financial Regulations	Yes	There are consistent values across both documents.

AGAR Certificate Reference	Tests	Test complete	Comments
was appropriately accounted for	Review the procedure for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment.	Yes	The financial regulations are clear. However, the payments are put in 'bulk' into the minutes and should be individually listed. <u>Recommendation 2:</u> That the minutes contain a list of payments made since the last meeting and payments due to be authorised – or – an appendix giving the details of the payments since the last meeting attached to the minutes and referenced.
	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. The Clerk sets up the electronic payments and two Councillors are required to authorise them
	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 have been written during this financial year.
	Check all the invoices which have a VATABLE supply to ensure that VAT has been identified and noted correctly in the Cashbook	Yes	The cashbook has been checked and those invoices with a vatable supply have been recorded correctly.
	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	A VAT rebate was received in October 2024 for the previous financial year.
	Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place.	Yes	There are clear processes for the use of a debit card by the Clerk. Following the resignation of the Clerk in February the Chairman received the debit card back and it was destroyed in view of the internal auditor and disposed of.
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	Last risk assessment visible online is dated 2023. Following the resignation of the previous clerk all the policies and procedures are due to be reviewed and revised in the 25-26 financial year.
	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 Council has adequate cover for the assets it holds; however, it has purchased and extension to the burial ground and it needs to ensure that the insurance company are aware of this in case they need the co-ordinates. <u>Recommendation 3:</u> That the Clerk ensures that the insurance company is aware that there is an extension to the burial ground.

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	<p>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.</p>	Yes	<p>The Play area is monitored by the Playground Committee A playground inspection was carried out by Elite Playgrounds and is clearly seen in the minutes dated 13/6/24 (9b).</p> <p>The Playpark committee consider any reports from inspections and arrange for remedial works to be undertaken. The Play Park committee report back to each full Parish Council meeting.</p>
	<p>Ensure that the internal and external audit reports are noted in the minutes including any recommendations and the associated remedial action to be taken.</p>	Yes	<p>In the minutes dated 12/9/24 (11) the Internal and External audits are noted and accepted. There was commentary about the recommendations made in both audits and they were to be addressed</p> <p><u>Recommendation 4:</u> That the Internal and External audit reports and certificate are uploaded to the website.</p>
<p>D: The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and Reserves are appropriate</p>	<p>Ensure that the full authority, not a committee, has considered, approved and adopted that annual budget in accordance with the required parent authority timetable.</p>	Yes	<p>Discussions were had at the November meeting but nothing was decided.</p> <p>The Governance committee considered the budget and precept and made a recommendation to the Council.</p> <p>The budget and recommendation from the Governance committee was discussed at the January meeting and the precept set at £24,800. The minutes have been seen by the auditor but are not on the website.</p> <p><u>Recommendation 5:</u> That the minutes of the Governance committee and the Full Council in January are added to the website along with the AGM from May 2024.</p>
	<p>Ensure that budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances (+/- 10%)</p>	Yes	<p>Budget report for Q1 made in Minutes dated 12/9/24 (9b)</p> <p>Budget Report for Q2 made in Minutes dated 14/11/24 (9b)</p> <p>The Parish Council was without a clerk for the 3rd /4th Quarter budget report.</p>

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	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 considered and updated through the year as reserves are allocated to projects.
	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	<p>The CIL report is available on the website and shows that the Council has recorded £39,914.83 as being received.</p> <p>However, the CIL report from Dorset Council shows £39649.58 received for Cerne Abbas and £565.25 for Godmanstone which totals £40,214.83.</p> <p>There is much more been paid out to Godmanstone than has been received in the form of CIL.</p> <p>The Internal auditor considers that the payments towards infrastructure in Godmanstone were not within the CIL 'rules.'</p> <p><u>Recommendation 6:</u> That the CIL report is updated and reconciled to the amount on the Dorset Council website. It must be clear which village the CIL relates to and which payments are made against it.</p> <p><u>Recommendation 7:</u> That the Council carefully reconsiders the allocation of CIL funds towards the projects in Godmanstone given that only the value of £565.25 of CIL money relates to that village. It is recommended that the Council reallocates other reserves to those projects and reinstates the correct amount of unallocated CIL to Cerne Abbas.</p>
	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 correct amount was received with 2 x £11,150 being received.

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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 Council operates a receipts and payments account and so no aged debt list is in place.
	Allotments (if applicable) ensure that appropriate signed tenancy agreements exist, that a register if tenants is maintained showing that debtors are monitored.	Yes	The allotment committee has the signed tenancy documents and the Clerk maintains a spreadsheet of payments due which are raised each April.
	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.	Yes	The Clerk holds a burial register and details of payments made for internments or plots purchased were included in the receipts file. The fees charged were correct as per the fees listing.
	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 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 Parish Council does not 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	Yes	The car park donations box is emptied every evening by a councillor and banked via the post office. The Clerk is sent a confirmation slip showing the amount which has been banked. Recommendation 8: That the process regarding the collection and banking of car park donations is included in the financial regulations and the risk register.
	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 that it is showing as actually received one the bank statements of within the Petty Cash system.	Yes	The precept is the only income due on set dates.

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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 cash floats	Yes	No Petty Cash is held. All cash collected from the Car Park donations is banked as soon as practical
	Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held	Yes	The car park receipts are forwarded to the Clerk and can be traced through the cashbook and bank statements.
	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 used for expenses.
	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 facilities are in place.
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	Up until his resignation (on 4 th Feb and subsequent leaving date of 4 th March) the Clerk had a contract in place. The new Clerk did not start their position until the 1 st May 2025.
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Yes	The Council does not pay members allowances 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 matches with the contracted hours	Yes	The previous Clerk was paid in accordance to their contract and the SCP and hours were correct.
	Ensure that the appropriate tax codes are being applied to each employee	Yes	The Clerks tax code was correct as they had income from elsewhere.
	Where free or paid for software is used, ensure that it is up to date	Yes	The HMRC RTI software is used
	For a test sample of employees ensure that the tax is calculated properly	Yes	The tax calculated was correct
	Check the correct treatment of Pension contributions	Yes	The Pensions payment was correctly calculated.
	For NI ensure that the correct deduction and employer's contributions are applied	Yes	The NI calculated was correct
	Ensure that the correct employers' pensions percentage contribution is being applied	Yes	The Pensions payment was correctly calculated.
	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 the payslip tested the net pay was correct and the Tax, NI and Pension payments matched the deductions

AGAR Certificate Reference	Tests	Test complete	Comments
H: Asset and Investment registers were complete, accurate and properly maintained	Fixed Asset investments		
	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 updated to take account of the burial ground and new notice board.
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 Council to check each asset. The Council should do this as part of the asset review each year.	
	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	These details are included
	Additions and disposals records should allow tracking from the prior year to current	Yes	The Asset register needs to clearly show the date that additions and disposals occur. Disposed of assets should remain on the register for at least 7 years after in order to ensure that the financial audit trail is intact. Recommendation 9: That a column should be added to show when disposals are made. (Note: this was a recommendation for the last two years)
	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 Clerk has completed the reconciliation of assets.
	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured	Yes	The insurance covers the assets value.
	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	Yes	The Council does not hold any loans	

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	Ensure that the authority has accounted for the loan appropriately (i.e.: arrangement fees are regarded as administration expenses in the year of receipt)	Yes	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	Yes	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	Yes	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	Yes	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	The Council 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 Council carries out receipt and payment accounts so no debtors or creditors are held.
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 was above the £25,000 exemption threshold.
	That it has been published together with all the required information on the Authority's website and noticeboard	N/A	The council was above the £25,000 exemption threshold.
L: The authority publishes information on a website/webpage and complies with the relevant Transparency Code. <i><u>NOTE:</u></i> <i><u>Although Councils over £25,000 do not have to comply with the Transparency Code it is good practice to ensure that this information is in the public domain. We test this to help inform your communication with your community.</u></i>	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: <ul style="list-style-type: none"> • A list of all expenditure of £100 • End of year Accounts • Annual Governance Statement (by 30th Sept) • Detailed Internal Audit Report (for previous year) • 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 is over the £25,000 threshold

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	<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 (by 30th Sept) • Detailed Internal Audit Report (for previous year) • External Audit report • List of Councillors and responsibilities • Details of public land and buildings • Details of goods and services open to tender quotes in the year <p>Minutes, Agendas and meeting papers of formal meetings and committees.</p>	Yes	<p>The AGAR is not on the website for 2023-24.</p> <p>The conclusion of external audit is visible but not the external auditors report and certificate.</p> <p>There are also some minutes missing but this has been addressed in Recommendation 4 above.</p> <p>Recommendation 10: That the AGAR for 2023-24 and the external auditors report and certificate is uploaded to the website as soon as possible.</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	<p>The Notice online is dated 2/6/24 with an examination period of 3/6/24-12/7/24. This covers the first of July as required.</p> <p>The notice dates have been declared at the AGM and minuted (Min Ref) 5.6. However, the AGM minutes are not on the website. See Recommendation 4 above</p>
	Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR	Yes	<p>The notice dates have been declared at the AGM and minuted (Min Ref) 5.6. However, the AGM minutes are not on the website. See Recommendation 4 above</p> <p>In addition, the information stated that the period would commence on the 3rd June, but did not state when it would finish.</p> <p>The AGAR was agreed at the AGM alongside and minuted (5.9) the public rights notice and the Internal auditor has received a copy with the Audit pack, however this is no available on the website.</p> <p>Recommendation 11: That the exercise of public rights dates has a clear start and end date in the minutes.</p>

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 year's AGAR have been met as detailed on the front page of the current years AGAR	Yes	The AGAR is missing from the website so the publication requirements have not been met. <u>Recommendation 12:</u> That the 2023-24 AGAR is uploaded to the website as soon as possible.
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:

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Date: