

INTERNAL AUDIT SERVICE FOR CHESELBOURNE 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	Carried forward figure on AGAR, bank statements and bank reconciliation all have the same figure
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>May minutes just show a figure of £166.99 as payments, this is not broken down to show what they were for. This amount correlates to the cash book.</p> <p><u>Recommendation 1:</u> That an amendment is made to the minutes of the May 2021 meeting to show what the amount of £166.99 relates to.</p> <p>There are 4 payments missing from the minutes. These are payments which have delegated authority; however, they should still be reported as being paid.</p> <p><u>Recommendation 2:</u> That the 4 payments relating to Musto Shorter / ICO / John Lilley and C Haskett are added to the minutes of the meeting immediately after they were paid and the minute amendments re-approved. The amended minutes should be added to the website.</p> <p>There is £200 income from the Heart of Dorset Environment group and a donation from the tree event for a further £82.90. Neither of these is listed in the minutes as income.</p> <p><u>Recommendation 3:</u> That any income other than the Precept, VAT return and Interest is noted in the minutes.</p> <p>Section 137 limits have been adhered to</p>

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	Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members	Yes	Bank reconciliations are prepared before each meeting and provided to the Councillors. This is minuted at each meeting.
	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 checked and is correct.
	If the authority has bank balances in excess of £100,000 that it has an appropriate investment strategy	Yes	The bank balances are less than £100,000 so no investment strategy is required.
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 were no formal tenders in place this year. The minutes show that quotes are obtained for those amounts which are above the de-minimus limits in the Standing orders and financial regulations.
	Ensure that consistent values are in place for the acquisition of formal tenders between the Standing Orders and Financial Regulations	Yes	Formal tenders are to be invited between £3,000 and £25,000. Under £3000, 3 quotes are required.
	Review the procedure for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment.	Yes	There procedure is 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 but the BACS payments are set up by the Clerk and authorised by Councillors the same way which the cheques were signed.
	Ensure that all cheques dated within the year are listed in the cashbook, whether cashed or not at the year end.	Yes	As cheques are no longer used there were no outstanding payments at year end.
	Check all of the invoices to ensure that VAT has been identified and noted correctly in the Cashbook	Yes	All but one of the payments have correct VAT identified. Recommendation 4: That the payment to D Hampton for the domain name is re-adjusted for VAT.
	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	No VAT reclaim was submitted for 2020-21 as no reimbursement has been received. Recommendation 5: That any VAT reclaim due for 2020-21 is undertaken as soon as possible to avoid being out of time.

AGAR Certificate Reference	Tests	Test complete	Comments
	Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place.	Yes	The financial regulations cover the usage of pin numbers in relation to online payments and debit cards, along with the security of banking items.
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 and minuted at 21.13
	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 policy was reviewed and agreed in May and minuted at 21.14 This is part of a 3-year fixed pricing agreement.
	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	It was agreed in January 22 to appoint 'Playground Inspection Company' to carry out annual assessments. Weekly checks are to be made by the Council as due diligence.
	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 report was received and accepted in May and minutes at 21.11 There was no requirement for an external report. The certificate of exemption was agreed and signed by the Chairman in minute 21.10
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 discussed and approved in the minutes of January 22 and a precept request sent for £4725.
	Ensure that budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances (+/- 10%)	Yes	A half yearly report was issued to councillors with actual versus budget. A report regarding variances is included in the audit file and are adequately explained

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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 clearly marked on the budget and reviewed as part of this process.
	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	There are no CIL monies in Cheselbourne PC account.
	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 request for 21-22 matches the funds 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	Yes	There are no aged debtors for Cheselbourne PC
	Allotments (if applicable) ensure that appropriate signed tenancy agreements exist, that a register if tenants is maintained showing that debtors are monitored.	Yes	There are no allotments held by Cheselbourne PC
	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	Cheselbourne PC does not manage burials and the churchyard is closed. A donation via S137 has been given towards its up keep
	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.	Yes	Cheselbourne PC does not own or manage a village 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	Yes	The lease for the play area has recently been agreed with MAGNA on a 12.5 year lease with a 12.5 year optional renewal.

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	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	There are no other income streams other than Precept, account interest, VAT repayment and occasional donations
	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	See above.
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.	Not tested	The Clerks contract was not included in the audit file so could not be checked. Recommendation 6: That a copy of the Clerks contract is included in the audit file for the following year.
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Yes	Members allowance policy was issued to all councillors and adopted at the meeting in January 22.
	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	The previous Clerk was being paid at £11 per hour and the incoming Clerk (from May) is being paid at a rate of £11.15 per hour, neither of these are SCP rates. Recommendation 7: That the Clerk pay be brought in line with the NJC Local Government Salary (SCP) Scales

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	Ensure that the appropriate tax codes are being applied to each employee	Yes	The HMRC online PAYE and NI tool is being used.
	Where free or paid for software is used, ensure that it is up to date	Yes	The HMRC online PAYE and NI tool is being used.
	For a test sample of employees ensure that the tax is calculated properly	Yes	The HMRC online PAYE and NI tool is being used.
	Check the correct treatment of Pension contributions	N/A	No pension contributions are currently being made.
	For NI ensure that the correct deduction and employer's contributions are applied	Yes	The HMRC online PAYE and NI tool is being used. Earnings are below lower NI levels.
	Ensure that the correct employers' pensions percentage contribution is being applied	N/A	No pension contributions are currently 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 correct tax was calculated on the test sample (21/31) and no NI or pension was payable. The amount due to HMRC was correctly paid on Bacs (21/30)
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 in the audit file only cover to the end of 2020-21 financial year. However, the amount on the AGAR could be checked by adding the new asset figures to the 20-21 figure. <u>Recommendation 8:</u> That the asset register is updated and placed into the audit folder with the updated asset figure of £8184.00
	Physically verifying the existence and condition of high value, high risk assets may be appropriate	Not tested	It would not be cost effective for a council of this size to pay the Internal auditor to verify the existence of assets. The highest value asset is the bus shelter and play equipment so visible to all.
	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 just records the purchase or gifted price. <u>Recommendation 9:</u> That the asset register is expanded to include the insured cost and replacement value.
Additions and disposals records should allow tracking from the prior year to current	Yes	The asset register shows this.	

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	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 for last year matches and for this year can be cross checked from the asset register provided plus purchases.
	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured	Not tested	The insurance policy schedule was not included in the file, however the certificate of employer's liability insurance and the amounts insured for this were included and were adequate. Recommendation 10: That the insurance schedule is included in future audit files and that the new purchases have been added.
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 long-term 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 long-term 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 long-term 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 long-term 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 long-term 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	Yes	The Council turnover is below £200,000 so no checks required

	basis to facilitate budget reporting		
AGAR Certificate Reference	Tests	Test complete	Comments
	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 uses receipts and payments arrangements so there are no debtors or creditors at the year end.
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 Council has correctly certified itself as exempt.
	That it has been published together with all the required information on the Authority's website and noticeboard	Yes	The certificate for 20/21 was published on the website as required and is still available to view.
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 following were published for 2020-21 in accordance with the Transparency code: 1) Certificate of exemption 2) Annual Governance Statement 3) Analysis of variances 4) Bank reconciliation 5) Exercise of public rights <u>Recommendation 11:</u> That the Internal audit report and a complete list of expenditure should be added to the website for 2020-21
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 required '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 required public notice was given for the 2020-21 inspection period. The notice for this year has yet to be created or published.
	Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR	Yes	The public inspection dates were no minuted at the same time as approving the AGAR <u>Recommendation 12:</u> That the public inspection dates are agreed and minuted at the point at which the AGAR is agreed and signed.
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	The inspection period was met

AGAR Certificate Reference	Tests	Test complete	Comments
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)
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Date :