

2021-22: Internal audit report from Antony Parish Council

In completing the Internal Audit for Antony Parish Council, I have referred to the latest edition (March 2021) of the Joint Panel on Accountability and Governance Practitioners Guide

<https://www.nalc.gov.uk/library/our-work/jpag/3479-practitioners-guide-2021/file>

Changes from the 2020 JPAG Guide can be found on the National Association of Local Councils website:
<https://www.nalc.gov.uk/library/our-work/jpag/3480-practitioners-guide-changes-2021/file>

Checks completed:

Topic	Documents	Checks	Comments
Finance	Receipt & payment spreadsheets Budget 2021/22 & 2022/23 Precept submission Explanation of variances Payroll V.A.T. Receipts Bank statements & reconciliations reports	Check for accuracy Budgetary control PAYE/NI/Pension. Clerk's pay agreed Reclaimed Supporting evidence Bank accounts reconciled	Budget agreed Dec 2021 Minute 70.21
Insurance	Current schedule Contractors Public Liability	Cover & fidelity Contractors covered	Requested and received
Minutes	Current year minutes & agendas	Reserves considered Budget setting and precept submission approved Approval of payments Minutes comply with legislation	Checked Payments included
Fixed assets	Fixed asset register	Any additions or disposals	New bus shelter
Risk	Financial risk assessment	Reviewed & minuted	Reviewed and approved minute 70.12, Mtg 09/12/21
Policies & procedures	Scheme of delegation Standing Orders Financial Regulations Fixed Asset register Risk management scheme	Measures implemented during Covid Reviewed during the audit year Any additions or disposals The authority has addressed the risks associated with what it does and services provided.	Reviewed
End of year	Notice of audit displayed Annual return & exemption documents Confirmation from external audit	Check compliance with previous audit. Check website.	Available on website Notification from external auditor provided

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The following information has been taken from pages 25 – 32 of the Joint Practitioners Guide 2021

AGAR Certificate reference	Internal Audit action for expected controls	Internal auditor comments
<p>A</p> <p>Appropriate accounting records have been kept throughout the year & Periodic bank reconciliations were properly carried out during the year.</p>	<p>Authorities should refer to Para 5.10 to 5.27.</p> <ul style="list-style-type: none"> • Ensure the correct rol forward of the prior year cashbook balances to the new financial year. • Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained. • Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members. • Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, Section 2, Box 8. • Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy. 	<p>✓</p> <p>Records checked</p> <p>✓</p> <p>Checked routinely signed off by Councillors.</p> <p>✓</p> <p>Checked</p> <p>✓</p> <p>Checked</p> <p>✓</p> <p>n/a</p>
<p>B</p> <p>The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for</p>	<p>Authorities should refer to Para 5.34 to 5.41.</p> <ul style="list-style-type: none"> • Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SDs and FRs which should be based on the latest version. • Ensure that consistent values are in place for the acquisition of formal tenders between SDs and FRs (frequently different limits are recorded in the two documents) • Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: Ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment: authorisation. • Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments. • Check that VAT reclaim is prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements. • Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place. 	<p>✓</p> <p>No formal tenders applicable during the year. Standing Orders and Financial</p> <p>✓</p> <p>Reviewed and signed by Councillors.</p> <p>✓</p> <p>Checked</p> <p>✓</p> <p>Checked</p> <p>✓</p> <p>n/a</p>

C	<p>The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>Authorities should refer to Para 5.89 to 5.102.</p> <ul style="list-style-type: none"> • 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. • Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security. • 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 officers or members, that they have received the appropriate training and accreditation 	<p>Checked. Completed. Please refer to JPAG 5.59, page 49 matrix.</p> <p>The Clerk has confirmed adequate insurance is in place covering employee liability and cyber security.</p>
D	<p>The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.</p>	<p>Authorities should refer to Para 5.7 to 5.9.</p> <ul style="list-style-type: none"> • Ensure that the full Authority, not a Committee, has considered, approved and adopted the annual precept in accordance with the required parent Authority timetable. • Ensure that budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances. • Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances. • Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process. • Ensure that the precept in the accounts matches the submission form to the relevant authority and the public record of precepted amount 	<p>Checked – see page 1 Parish precepts 2022-23.xlsx (cornwall.gov.uk)</p>
E	<p>Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</p>	<p>Authorities should refer to Para 5.44 to 5.47.</p> <ul style="list-style-type: none"> • Review "Aged debtor" listings to ensure appropriate follow up action is in place. • Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored. • Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates). • Hall hire: ensure that an effective diary system for bookings is in place identifying the hire, hire times and ideally cross-referenced to invoices raised. 	<p>n/a n/a n/a</p> <p>The Clerk has confirmed the village halls in Antony Parish are a separate entity.</p>

	<ul style="list-style-type: none"> Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due 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 all such income. Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / barked. 	<p>✓</p> <p>✓</p>	<p>n/a</p> <p>Systems are in place to manage the Freathy Solar benefits funds. All transactions are reported. Checked.</p>
F	<p>Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for</p> <ul style="list-style-type: none"> Authorities should refer to Para 5.42 to 5.43. A number of Authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area. Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc) Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held. Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held. Ensure that VAT is identified wherever incurred and appropriate. Physically check the petty cash and other cash floats 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. 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>n/a</p> <p>n/a</p> <p>n/a</p> <p>Checked for bank transactions. n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p>
G	<p>Salaries to employees</p> <ul style="list-style-type: none"> Authorities should refer to Para 5.48 to 5.54. Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract. Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability. 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, if off-scale, and also with the contracted hours Ensure that appropriate tax codes are being applied to each employee. Where free or paid for software is used, ensure that it is up to date. For the test sample of employees, ensure that tax is calculated appropriately. Check the correct treatment of Pension contributions. 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>The Parish Clerk has confirmed she has an SLCC Model contract. Members do not claim expenses.¹</p> <p>Checked. SCP12.</p> <p>Checked Checked Checked</p>

¹ The Local Authorities (Members' Allowances) (England) Regulations 2003 (legislation.gov.uk)

	<ul style="list-style-type: none"> For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employer's allowance is not available to councils but may be used by other authorities. Ensure that the correct employers' pension percentage contribution is being applied. 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. 	<ul style="list-style-type: none"> Workplace pension compliance was undertaken in 2017. Checked. n/a nothing due. Employees pay is below the threshold. n/a Checked 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ 	
H	<p>Asset and investment registers were complete and accurate and properly maintained. This section / assurance should be extended to include loans to or by the authority</p>	<ul style="list-style-type: none"> Authorities should refer to Para 5.28 to 5.30. Authorities should refer to Para 5.57 to 5.63. <p>Tangible Fixed Assets</p> <ul style="list-style-type: none"> 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. Physically verifying the existence and condition of high value, high risk assets may be appropriate. 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 assist in forward planning for asset replacement Additions and disposals records should allow tracking from the prior year to the current. Ensure that the asset value to be reported in the AGAR at and at the financial year-end. Authorities should refer to Para 5.64 to 5.67 Borrowing and Lending Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired. Ensure that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt. Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Box 5 Ensure that the outstanding loan liability as of 31st March each year is correctly recorded in the AGAR at Section 2, Box 10 (value should be verified via the DMO website) 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. 	<ul style="list-style-type: none"> The asset register is completed and regularly reported to the Council. The Council is advised to refer to JPAG guidance, 5.59 – 5.63, page 42 and 43. Has the phone kiosk been purchased as a community asset? In which case it would normally be shown on the AGAR total as a nominal fee of £1 but the value of the asset insured, as per the cost on the Council's register. 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓

J	<p>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p>	<p>Authorities should refer to Para 5.122 to 5.160. Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at Section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should</p> <ul style="list-style-type: none"> • Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein • Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year 31 and at the financial year-end 	✓	Checked
K	<p>If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</p>	<p>IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)</p> <ul style="list-style-type: none"> • the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline. • that it has been published, together with all required information on the Authority's website and noticeboard 	✓	Documents, Policies and Procedures antonyparishcouncil@org.uk
L	<p>The authority publishes information on a website / web page, and complies with the relevant Transparency Code.</p>	<p>This test applies only to those councils covered by the £25,000 External Audit exemption. As should review the Authority's website ensuring that all required documentation is published in accordance with the Transparency Code. https://www.pml.com/wp-content/uploads/2020/09/transparency_code_for_smaller_authorities.pdf</p>	✓	Checked
M	<p>The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations</p>	<p>IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection. IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR.</p> <p>Letter to local authority chief executives: The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 (publishing.service.gov.uk)</p>	✓	Checked

N	The authority complied with the publication requirements for the prior year AGAR.	IAs should 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 year's AGAR.	✓	Checked
O	Trust funds (including charitable) - the Council has met its responsibilities as a trustee	IAs should 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 year's AGAR.	✓	Not applicable

Reporting on Internal Audit

- 4.21. The duties of internal audit relate to reporting on the adequacy and effectiveness of an authority's system of internal control. The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on the Annual Governance and Accountability Return.
- 4.22. In most cases, particularly for larger authorities, an additional narrative report to the full council would be expected and then be published with the AGAR along with any comments from the external auditor.
- 4.23. Any narrative report should have conclusions that are compatible with the entries on the AGAR.
- 4.24. The annual internal report will inform the authority's response to assertion 2 and assertion 6 in the annual governance statement.
- 4.25. An authority should minute their review and actions planned from the outcomes of the AGAR tests and content of any narrative reports from Internal Auditors.

Conclusion:

AGAR Assertion 2: I confirm that Antony Parish Council has maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. The Council has made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge. The Parish Clerk / RFO, maintains efficient records of the Council's financial transactions. Invoices, minutes and reports are signed, approved and verified. I have reviewed the Council's Risk Assessment and Asset Register. The explanation of Variances report details additional V.A.T reimbursement, the increase in the Clerk's hours and variance in other payments due to the purchase of play equipment and election costs in the year.

AGAR Assertion 6: I confirm that Antony Parish Council has maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. I have completed the internal audit with an independent objective view. This report verifies the internal controls meet the needs of this smaller authority.

Recommendations:



Signed _____ Karenza Heald, Internal Auditor Date 9th May 2022