

INTERNAL AUDIT SERVICE FOR OWERMOIGNE PARISH COUNCIL

Audit Programme – Financial Year 2023-24

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 2024. 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	Work has been carried out to restate the prior year AGAR figures which omitted the interest earned on the investment account. IA has worked closely with the Clerk to resolve the issues and confirm that the carried forward position is now correct.
	Check a sample of the financial transactions in the cashbooks, to the bank statements and that S137 limits are adhered to.	Yes	There were no S137 payments made this year.
	Ensure that the bank reconciliations are prepared regularly and subject to independent scrutiny and sign-off by Council members	Yes	An end of year bank reconciliation is available prepared by the new Clerk. There is o evidence that bank reconciliations were presented to the Council during the year. <u>Recommendation 1:</u> That bank reconciliations are presented regularly 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 bank reconciliation is correct and following the restatement of the AGAR form from 22-23 now matches the AGAR report.
	If the authority has bank balances in excess of £100,000 that it has an appropriate investment strategy	Yes	The Parish Councils total bank balance is less than £100,000
<p>B: The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for</p>	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	<p>A copy of the Standing orders and Financial Regulations is on the website, this is currently a single document.</p> <p><u>Recommendation 2:</u> That the Standing orders are separated from the Financial Regulations and two separate documents agreed and used.</p> <p>The Standing orders state £500 - £2000 2 quotes are required and £over £2000 3 quotes are required.</p>

			<p>Recommendation 3: The limits for purchasing should be reviewed and a system of estimates, quotes and tenders be introduced with clear boundaries.</p> <p>It is noted that in July 2023 it was minuted that any purchases under £200 could be made by the Clerk with written approval from the Chairman</p> <p>Recommendation 4: That the resolution to allow a Clerk/Chairman spend is incorporated into the Financial Regulations and that all limits covered in the Financial regulations are mirrored in the Standing orders as that is the main governance document.</p>
	Ensure that consistent values are in place for the acquisition of formal tenders between the Standing Orders and Financial Regulations	Yes	See recommendation 3 above
	Review the procedure for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment.	Yes	See recommendation 2 above, there are some processes in the current document but they require review
	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	There are currently 3 authorised signatories to the Parish Council account. Again, this will be benefit from separate Financial Regulations being written as above
	Ensure that all cheques dated within the year are listed in the cashbook, whether cashed or not at the year end.	Yes	Cheques were not issued in the year
	Check all of the invoices to ensure that VAT has been identified and noted correctly in the Cashbook	Yes	The VAT £286.00 is showing on the accounts and all of those entries are valid. This is due to be reclaimed in the 24-25 financial year.
	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 the previous year has been received.
	Where debit/credit cards are in use, ensure the appropriate controls over physical security and usage of the cards are in place.	Yes	These controls should be included as part of the Financial Regulations See above Recommendation 4:

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	No Risk Register has been located on the website or presented to with the Internal Audit. <u>Recommendation 5:</u> That a Risk Assessment is carried out and a Risk Register developed for the Council included Financial risks.
	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	An Asset Register is available on the website and this shows insurance cover which is adequate. After further testing of the register and comparison with the AGAR it is clear that in the past the 'insured values' have been stated rather than the 'initial price'. Following a discussion with the Clerk it was noted that this document is under review and that it is likely that the 'assets' of the Council will need to be restated before the next audit. <u>Recommendation 6:</u> That the asset register is reviewed and the total value of assets confirmed and logged is restated ahead of the AGAR in 24-25 The insurance policy was not provided for audit, but given the recommendation above it would need to be reviewed fully at the next audit anyway.
	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	There was no mention in the minutes of the play equipment being monitored or inspected in the year. There were also no payments in the accounts to a playground inspection company. The conclusion is therefore that this is not in place. <u>Recommendation 7:</u> That the play area is monitored and inspected and that any reports received are minuted and actions taken as required.
	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 agreed and minuted in May 2023 and the recommendation reported. There was no external audit report as the Council certified itself exempt.

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 Precept amount was agreed as £14500 in the minutes of January 2024. There was no mention of a budget being presented or discussed however a copy has been provided in the supporting audit notes to explain how the precept amount was considered. Recommendation 8: That the budget is presented to the Council in Nov/Dec each year for the following year and that this document helps to inform the Precept decision which should be minuted.
	Ensure that budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances (+/- 10%)	Yes	Given the size of the Council I would expect this to be done ahead of the precept and again at year end. See recommendation 8 above
	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	There is no evidence that any of the funds within the accounts are for specific earmarked funds. Recommendation 9: That consideration is given to what reserves may be required in the future and ensure that these are minuted and clearly marked in any budget and accounts papers.
	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 Community Infrastructure Levy has been paid to Owermoigne Parish Council as at 31 st March 2024
	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 amount received in 23-24 was not minuted in the previous year but was correct to the authority form. See Recommendation 8
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 as at 31/3/24
	Allotments (if applicable) ensure that appropriate signed tenancy agreements exist, that a register if tenants is maintained showing that debtors are monitored.	N/A	There are no allotments as at 31/3/24

	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 Parish Council does not carry out burials
	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 have any 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	There were no other income streams other than the precept and VAT reclaim.
F: Petty Cash payments were properly supported by receipts; all Petty cash expenditure was approved and VAT appropriately accounted for	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
	Review the systems in place for controlling any petty cash and also cash floats	N/A	No Petty Cash is held
F: Petty Cash payments were properly supported by receipts; all Petty cash expenditure was approved and VAT appropriately accounted for	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 AGAR Certificate Reference	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	The new Clerk who took over in November 2024 has a contract in place. Contract is for 30.42 hr monthly. SCP 18 -23 with annual review. SCP 18 is £15.21 an hour so £462.69 a month gross.
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Yes	No member allowances are 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	The current Clerk has provided a payslip showing that his Tax rate is Basic Rate, this is in accordance with his contract. Payments to the previous clerk also seem in line with this.
	Ensure that the appropriate tax codes are being applied to each employee	Yes	The new clerk is being taxed at BR as he has other income.
	Where free or paid for software is used, ensure that it is up to date	Yes	HMRC software is used
	For a test sample of employees ensure that the tax is calculated properly	Yes	BR tax code and 20% deduction is showing
	Check the correct treatment of Pension contributions	Yes	The current salary is below the pensionable limits
	For NI ensure that the correct deduction and employer's contributions are applied	Yes	The current salary is below the National Insurance limit.
H: Asset and Investment registers were complete, accurate and properly maintained	Ensure that the correct employers' pensions percentage contribution is being applied	Yes	The current salary is below the pensionable limits
	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 deductions are showing and being paid over the HMRC as at the 31 st March 2024
Tangible Fixed Assets			
H: Asset and Investment registers were complete, accurate and properly maintained AGAR Certificate Reference	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	An asset register is available on the website but there is a question about whether this is accurate. The Clerk is reviewing this at the time of the audit. See Recommendation 6 above
	Physically verifying the existence and condition of high value, high risk assets may be appropriate	Yes	See Recommendation 6 above
	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 purchase cost and insurance cost are on the published register.

	Additions and disposals records should allow tracking from the prior year to current	Yes	See Recommendation 6 above
	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	See Recommendation 6 above
	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured	Yes	See Recommendation 6 above
	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
J: Accounting statements prepared during the year	Borrowing and Lending		
	Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	N/A	The Council has no borrowing or 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 borrowing or 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 borrowing or 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 borrowing or 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 borrowing or loans
	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 turnover is less than £200,000

<p>J: Accounting statements prepared during the year</p> <p>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</p>	<p>Ensure that appropriate accounting arrangements are in place to account for debtors and creditor during the year and at the financial year-end</p>	Yes	<p>The Council is using receipt and payment accounting so no debtors or creditors are held.</p>
	<p>The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline</p>	Yes	<p>The certificate of exemption for 2022-23 was agreed and minuted in May 2023</p>
<p>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</p> <p>L: The authority publishes information on a website/webpage and complies with the relevant Transparency Code</p>	<p>That it has been published together with all the required information on the Authority's website and noticeboard</p>	Yes	<p>It was place on the notice board but there is no evidence of it on the website.</p> <p><u>Recommendation 10:</u> That the Limited Assurance Exemption certificate is published on the website after agreement.</p>
	<p>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 :</p> <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 <p>Minutes, Agendas and meeting papers of formal meetings and committees.</p>	Yes	<p>The internal audit recommendations are listed in the minutes on the website so could be found if it is searched for.</p> <p>A list of Councillor responsibilities is easily found on the website. The minutes, agendas and formal papers are also available.</p> <p><u>Recommendation 11:</u> That the following documents are published for 2023-24 and for subsequent years:</p> <ul style="list-style-type: none"> • A list of all expenditure of £100 • End of year Accounts • Annual Governance Statement (by 30th Sept)

<p>L: The authority publishes information on a website/webpage and complies with the relevant Transparency Code</p> <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</p>	<p>FOR COUNCILS OVER THE £25,000 EXEMPTION LIMIT :</p> <p>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 and certificate (for previous year) • List of Councillors and responsibilities • Details of public land and buildings • Details of goods and services open to tender quotes. 	N/A	The Council is not over this limit
	<ul style="list-style-type: none"> • 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 notice was created and the dates minuted at the May 2023 meeting.
<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</p> <p>N: The authority complied with the publication requirements for the prior year AGAR</p>	Check that the Council has minuted the relevant dates of this period at the same time as approving the AGAR	Yes	The dates minuted were 6 th June to the 17 th July 2023
	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	See Recommendation 11
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
O: Trust funds (including charitable) – the Council has met its	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

responsibilities as 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 : 22/8/2024