



# Spaldington Parish Council

## Internal Audit Report

<b>Financial Year Ending:</b>	<b>31 March 2021</b>	<b>Date Audit Carried Out:</b>	<b>05/04/2021 &amp; 17/04/2021</b>
<b>Internal Auditor:</b>	Ms Safia Kauser	<b>Date Report Issued:</b>	18 April 2021
<b>Report Status:</b>	Final		
<b>Audit Assurance Assessment Cover:</b>	The programme of cover has been designed to afford <u>reasonable assurance</u> that the Councils financial systems are operating in an effective manner and in compliance with the statutory legal framework. This audit assurance applies to each individual control area that has received a positive internal audit response.		
<b>Audit Assurance Definition:</b>	Reasonable Assurance Definition: There is generally a sound system of governance, risk management and control in place. Some issues non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.		

**This internal audit report considers the best practice and internal auditing standards referenced within the Practitioners' Guide to Governance and Accountability for Local Authorities.**

Internal audit is an on-going function, undertaken regularly throughout the financial year, to test the continuing existence and adequacy of the authority's internal controls. It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control. Managing the authority's internal controls is a day-to-day function of the authority's staff and management, and not the responsibility of internal audit.

**Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.**

## Background

### 1.1 Spaldington Parish Council

The parish council is the first tier of local government. The council has five Councillors and a part time Clerk and Responsible Financial Officer working five hours per week. From September to October 2020 the Council had the Chair, Cllr Ashton, acting as the Clerk. From April to October 2020 there was no paid employee. The incumbent Clerk/RFO was appointed in November 2020. The Council does not have any separate income streams or management responsibility other than its statutory obligations. The precept for 2020/21 financial year was £7,959. It is understood that there has been a historic issue with the previous administration, including the settlement of a legal claim, but the new administration is rebuilding the reputation and looking to the future. It is understood that the new Clerk/RFO is a qualified accountant and qualified clerk and since the commencement of the role, the Clerk/RFO has been rebuilding the infrastructure of the Council and installing a degree of professionalism including writing new policies and procedures and the development of a new website.

### 1.2 Objections to the Accounts (2019/20)

The council has received challenge correspondence to the accounts for the 2019/20 financial year which are under review by the external auditors PKF Littlejohns. Although we are aware of the challenge correspondence under review, it is not within our role as the independent internal auditor to get involved as the matters fall outside the scope of our work.

## Statement of Responsibility

### 1.3 Responsibility

The internal audit work was undertaken in accordance with the agreed scope of assignment and in accordance with the letter of engagement. The council as a corporate body is responsible for ensuring that council business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. Managing the authority's internal controls is a day-to-day function of the authority's staff and management, and not the responsibility of internal audit.

**1.4** This report and findings are based on the information that was made available during the course of the audit. The matters raised in the report should not be read as a comprehensive statement of all the weaknesses identified or all improvements to be made. Internal Audit work should not be relied upon to identify all circumstances of fraud and irregularity, should there be any. Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

**1.5** The Internal audit report should inform the authority's responses to Assertions 2 and 6 in the Annual Governance Statement that forms part of the Annual Governance and Accountability Return [AGAR]. This internal audit report should therefore be made available to support and inform members considering the authority's approval of the annual governance statement.

## Internal Control Objectives and Assessment Summary of Responses

Internal Control Objectives [As set out in the AGAR Internal Audit Report]		Internal Audit Response
<b>A</b>	Appropriate accounting records have been kept properly throughout the year.	No
<b>B</b>	This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	No
<b>C</b>	This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	No
<b>D</b>	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Yes
<b>E</b>	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes
<b>F</b>	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Not Covered
<b>G</b>	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	Yes
<b>H</b>	Asset and investments registers were complete and accurate and properly maintained.	Yes
<b>I</b>	Periodic and year-end bank account reconciliations were properly carried out.	Yes
<b>J</b>	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	Yes
<b>K</b>	IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")	Not Covered
<b>L</b>	If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.	No
<b>M</b>	The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations ( <i>evidenced by the notice published on the website and/or authority approved minutes confirming the dates set</i> ).	No
<b>N</b>	The authority has complied with the publication requirements for 2019/20 AGAR ( <i>see AGAR Page 1 Guidance Notes</i> ).	No
<b>O</b>	<b>(For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Not Covered

## Internal Audit Findings and Recommendations

**A** Appropriate accounting records have been kept properly throughout the year.

Internal Audit Testing	Compliance	Comments / Recommendations
Do the previous year's annual return figures agree with the current year's opening balances in the cash book?	No	<p>£5,939 closing balances at 31 March 2020 has not been carried forward as the opening balances in the cashbook at 01 April 2021.</p> <p><b>RECOMMENDATION 1:</b> That the opening balances are entered into the cashbook to ensure it is up to date and records the Councils cash balances.</p>
Ledger maintained and up to date? Arithmetic correct?	No	<p>Cashbook for all entries up to December 2020 were reviewed against the invoices.</p> <ul style="list-style-type: none"> <li>• The arithmetic on the monthly Peninsula invoices had not been entered correctly. The total invoice fees are fixed at £138.92. This includes a net total of £115.90; VAT £22.02 and IPT at £0.70. As IPT cannot be reclaimed is should be added to the total minus any VAT. The cashbook recorded all Peninsula invoices as £115.92, VAT as £23.10, this should be corrected to show the total as £116.60 plus VAT as £22.02 (as per invoice) totalling £138.62.</li> <li>• Salary for the Clerk/RFO included expenses for the period of November and December. This should be recorded as a separate entry in the cashbook. Expenses should be recorded appropriately to the correct expense code for example office admin expenses.</li> </ul> <p><b>RECOMMENDATION 2:</b> That the invoices from Peninsula Business Services are recorded correctly on the cashbook against the total amount and any VAT that should correspond to the invoices.</p> <p><b>RECOMMENDATION 3:</b> That the salary and expenses are recorded accurately to the correct expense codes in the cashbook.</p>

**Internal Audit Response**    **No**

**B This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.**

Internal Audit Testing	Compliance	Comments / Recommendations
Has the Council adopted the Standing Orders and are these in accordance with the latest NALC model?	Yes	<p>Standing Orders approved on the 06 July 2020. It is best practice to adopt the model NALC Standing Orders and tailor these to the councils requirements as the NALC model include text in bold that identifies the legal and statutory requirements for the council to observe.</p> <p><b>RECOMMENDATION 4:</b>  <b>That the council adopts the Standing Orders based on the NALC model and tailors these to the council's requirements. Any financial requirements contained within the Standing Orders must correspond to the Financial Regulations</b></p>
Has the Council adopted Financial Regulations and are these up to date with the latest NALC Model? And tailored to the Council?	Yes	<p>NALC Model based Financial Regulations adopted on the 3<sup>rd</sup> Feb 2020. There are different contract values in the Standing Orders which state three quotes over £500.00 and Financial Regulations which states three quotes over £1,000. There is no reference to contract values over £25,000 that requires contracts to be advertised via the contract's finder website. There is no reference to direct debit payments.</p> <p><b>RECOMMENDATION 5:</b>  <b>That the Financial Regulations are reviewed against the NALC Model and tailored to the councils requirements and that best practice and statutory requirement clauses are retained from the NALC Model.</b></p>
Is the purchasing authority defined in Financial Regulations? Is this consistent with the Standing Orders?	No	See comments above.
Are all payments listed in the cashbook supported by invoices, authorised and minuted? Certification of an account stamp used?	No	<p>Authorisation and Approval in Fin Regs:</p> <ul style="list-style-type: none"> <li>• Council for items over £200.00</li> <li>• Clerk in conjunction with the Chairman up to £200.00 subject to budget (approved at the next council meeting)</li> <li>• Schedule to be presented at council meeting certified by the RFO for expenditure previously authorised and goods/services received.</li> </ul> <p><b>RECOMMENDATION 6:</b>  <b>A suitably designed accounts authorisation stamp should be used for all invoices, for providing evidence of checks as required by the councils Financial Regulations. An authorisation stamp could include details</b></p>

		<b>for Certifying Officer; Authorisation reference; Purchase Order number; System Code; Date Paid and Payment Type which could include details of the cheque number, direct debit arrangement or bank transfer reference and Signatory 1 and Signatory 2 authorisation.</b>
Is there a segregation of duties between writing cheques and/or setting up online payments and physical release of payments?	Yes	The RFO writes the cheques and two councillors whom are signatories sign off the cheques to be released to the supplier. No internet banking arrangements applicable to the parish council. Invoices were initialled by two signatories.
Is S137 separately recorded and within limits? Is S137 expenditure of direct benefit to electorate? Is S137 expenditure minuted?	Not applicable	Parish council doesn't have any section 137 grants.
Is VAT correctly recorded in the cashbook and linked to invoices?	No	Sample of invoices checked for VAT that corresponded to the cashbook. Separate column identified in the cashbook to record all VAT and to assist with the reclaims. VAT was not recorded correctly in the cashbook for Peninsula Business Services (see notes above). No VAT recorded for: <ul style="list-style-type: none"> <li>• ACS – website - £10.00 VAT not recorded</li> <li>• ERYC – streetlights &amp; Defib - £49.74 VAT not recorded.</li> </ul>
VAT evidence, recording and reclaim?	Yes	The VAT reclaim from 03 April 2020 to 03 January 2021 was reviewed. The VAT reclaim comprised of x10 reclaims for VAT from Peninsula Business Services at £22.01 per transaction, totalling claim to £220.20. No VAT reclaimed or recorded in the cashbook for ACS and ERYC (see notes above).  <b>RECOMMENDATION 7:</b> <b>That the VAT is reclaimed for ACS value of £10.00 and ERYC value of £49.74 and the cashbook is updated to record the breakdown of Net and VAT amounts.</b>
<b>Internal Audit Response</b>		<b>No</b>

**C This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

Internal Audit Testing	Compliance	Comments / Recommendations
Annual risk assessment carried out?	No	There was no risk assessment in place. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the

		<p>consequences. The assessment of potential impact and likelihood need not be any more complex than assigning a simple numerical score, say 1 - 3, and multiplying the two scores to arrive at a risk assessment for each risk of high, medium or low. The risk assessment enables the authority to decide which risks it should pay most attention to when considering what measures to take to manage them. Further guidance is set out in the Practitioners Guide.</p> <p><b>RECOMMENDATION 8: That a corporate risk assessment policy is introduced and adopted by the council to cover all financial and reputational risks the council is exposed to.</b></p>
Evidence of annual insurance review?	No	Insurance is in place with Axa. Period of cover from 17 <sup>th</sup> May 2020 to 17 <sup>th</sup> May 2021
Insurance cover appropriate and adequate?	Yes	<p>Main insurable cover in place, including:</p> <ul style="list-style-type: none"> <li>• Property Damage</li> <li>• Business Interruption</li> <li>• Employers Liability, Public Liability</li> <li>• Officer Indemnity and Legal Expenses</li> </ul>
Internal financial control checks documented and evidenced?	No	<p>Regulation 6 of the Accounts and Audit Regulations 2015 requires the council to conduct each financial year a review of the effectiveness of the system of internal control. The review assist the council to respond to the Annual Governance Statement, Assertion two.</p> <p><b>RECOMMENDATION 8: That the council carries out a review of the effectiveness of its internal control systems to part comply with the annual governance statement, assertion two.</b></p>
Appropriate monitoring in place? (Play areas, sports pitches, open spaces)	Not applicable	Not Covered.
<b>Internal Audit Response</b>		<b>No</b>

**D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

Internal Audit Testing	Compliance	Comments / Recommendations
Is there an annual budget to support precept? Has the budget been discussed and adopted by council?	Yes	<p>Budget document was reviewed. The budget shows the income and expenditure for 2021/22 but there is no projected year end balances at the 31 March 2021 or any earmarked reserves to show the total balances and use of reserves. The key stages of the budget process are:</p> <ul style="list-style-type: none"> <li>• decide the form and level of detail of the budget;</li> </ul>



		<ul style="list-style-type: none"> <li>● review the current year budget and spending;</li> <li>● determine the cost of spending plans;</li> <li>● assess levels of income;</li> <li>● bring together spending and income plans;</li> <li>● provide for contingencies and consider the need for reserves;</li> <li>● approve the budget;</li> <li>● confirm the precept or rates and special levies; and</li> <li>● review progress against the budget regularly throughout the year.</li> </ul>
		<b>RECOMMENDATION 9: That the council follows the guidance in the practitioners guide, page 34 to prepare the annual budget.</b>
Is the precept demand correctly recorded in the minutes?	Yes	See council minutes 07 December 2021: <a href="https://www.spaldingtonparishcouncil.gov.uk/minutes-for-full-pc-meeting-07-dec-2020.pdf">minutes-for-full-pc-meeting-07-dec-2020.pdf</a> ( <a href="https://www.spaldingtonparishcouncil.gov.uk">spaldingtonparishcouncil.gov.uk</a> )
Level of reserves within Proper Practice? Is it between 3 and 12 months running costs. Review earmarked reserves.	Yes (see comments)	Council reserve of £372.96 (net expenditure over income) is adequate but smaller authorities are recommended to hold up to 12 months reserves.
		<b>RECOMMENDATION 10: That the council reserves are increased to cover 12 months net revenue expenditure.</b>
Is the budget against spend comparisons provided regularly to the Council? Is it on a quarterly basis? Any unexpected variances?	Yes	Yes <ul style="list-style-type: none"> <li>● Office and Admin Budget of £50.00 showing actual spend of £3,200.</li> <li>● Winter Preparedness Budget of £100.00 showing actual spend of £559.92</li> </ul>
<b>Internal Audit Response</b>		<b>Yes</b>

**E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for**

Internal Audit Testing	Compliance	Comments / Recommendations
Does the precept approved agree to the Council Tax authority's notification and has this been received and banked?	Yes	The precept of £7,900 was received in two instalments on 30 April 2021 and 24 September 2021.
Does the council receive any other income in addition to the precept? Is the income properly recorded and banked?	No	£30.00 income recorded for the sale of the printer. Other income entries may need to be reviewed. If the council has received a legitimate refund for an expenditure previously paid out then the accounting entries should be coded as credit entries against the expenditure code and netted off. Refunds should not be recorded as income for accounting purposes for expenditure previously paid out. The practitioners guide states that income should record entries that relate to repaid investments or loans, monies borrowed to finance projects, proceeds from the sale of



		fixed assets, fees, charges and grants such as the council tax support grant, CIL monies or any other grants received by the council. Transfers between cashbooks in not regards
Has the council correctly invoiced for any sales and is the correct rate of VAT applied? (if applicable)	Not applicable	
<b>Internal Audit Response</b>		<b>Yes</b>

<b>F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for</b>		
<b>Internal Audit Testing</b>	<b>Compliance</b>	<b>Comments / Recommendations</b>
Does the Council manage petty cash and is it accounted for properly and included in the AGAR figures? Is all petty cash spent recorded and supported by VAT receipts?	Not applicable	N/A
Is petty cash expenditure reported to each council meeting?	Not applicable	N/A
<b>Internal Audit Response</b>		<b>Not Covered</b>

<b>G Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</b>		
<b>Internal Audit Testing</b>	<b>Compliance</b>	<b>Comments / Recommendations</b>
Is there a contract of employment for the Clerk/RFO and all employed staff?	Yes	From April to October there was no paid employee. Contract of employment for Clerk/RFO commenced on the 03 November 2020. Salary paid via bank transfer on the 01 of the month.
Has the Council approved the salaries paid? Do the salary records correspond with the pay points agreed by the Council?	Yes	<p>SCP point confirmed in contract but not council minutes.  Clerk/RFO is employed for five hours per week. Appointment approved by council on the 02 November 2020 but no record of the confirmed SCP salary point.  Overtime payments recorded for December 2020 and March 2021.</p> <p><b>RECOMMENDATION 11: That the SCP Salary Point is documented in a confidential note with a reference in the public council minutes of the meeting that approves the salary.</b></p> <p><b>RECOMMENDATION 12: That overtime sheets are signed off by the Chairman and retained on file for audit purposes.</b></p>
Is the Tax and NI contributions paid within the expected parameters to HMRC? Are copies of P11s available?	Yes	

Are pension obligations met as part of the auto-enrolment process? Criteria £10k salary p.a	Not Applicable	This post doesn't qualify for pension auto-enrolment
<b>Internal Audit Response</b>		<b>Yes</b>

#### **H Asset and investments registers were complete and accurate and properly maintained.**

<b>Internal Audit Testing</b>	<b>Compliance</b>	<b>Comments / Recommendations</b>
Does the council keep a register of all material assets owned? Is asset register up to date?	Yes	£5,719.80 Total Asset Value at 31 March 2021
Does the asset register record the replacement value of individual assets for insurance purposes?	No	<b>RECOMMENDATION 13: That the Asset Register includes a column for replacement value</b>
Compare the Asset Register value reported in section 2, box 9 prior year reported figure, adjusted to include new assets / and/or disposals. Is there a record of disposals to record non-serviceable/disposed assets?	No	Asset Register value recorded at 31 March 2020 was £6,469. Variance of £749.20
		<b>RECOMMENDATION 14: That the council ensures that there is a breakdown of variances in the asset register to support the changes over the year.</b>
Does the Asset Register value correspond to box 9 of the Annual Return?	Yes	
Does the register of assets correspond to the insurance schedule to ensure that all assets are insured or self-insured by the council?	Yes	Insured contents are: <ul style="list-style-type: none"> <li>• £664.10 – Mowers and Machinery</li> <li>• £664.94 – Office Contents</li> <li>• £2,229.32 – Outside Equipment</li> <li>• £1,076.76 – Street Furniture</li> </ul>
Have the assets been inspected for risk and H&S purposes and do inspection records exist?	No	<b>RECOMMENDATION 15: That the assets are checked to verify their physical existence.</b>
<b>Internal Audit Response</b>		<b>Yes</b>

#### **I Periodic and year-end bank account reconciliations were properly carried out.**

<b>Internal Audit Testing</b>	<b>Compliance</b>	<b>Comments / Recommendations</b>
Is there a bank reconciliation for each account?	Yes	The council has three bank accounts. A combined reconciliation was available but no separate bank reconciliation was carried out for each individual bank account. <ul style="list-style-type: none"> <li>• SPC Current Account</li> <li>• SPC Current Account No. 2</li> <li>• Unity Trust Bank</li> </ul>
Reconciliation carried out on receipt of statement?	Yes	
Are bank reconciliations reported to council and committee? Are these independently signed off by members and recorded in the minutes?	Yes	

Any unexpected balancing entries in any reconciliation? Sample test one month.	No	
Bank Reconciliation to the 31 March?	Yes	
<b>Internal Audit Response</b>		<b>Yes</b>

**J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.**

Internal Audit Testing	Compliance	Comments / Recommendations								
Year-end accounts prepared on correct accounting basis?	Yes									
Do the Bank statements and ledger reconcile at 31 March?	Yes	<p>See breakdown summary, checked against the bank statement:</p> <table border="1" style="margin-left: 20px;"> <tr> <td>SPC Current Account</td> <td style="text-align: right;">£6,485.97</td> </tr> <tr> <td>SPC Current Account No. 2</td> <td style="text-align: right;">£8.40</td> </tr> <tr> <td>Unity Trust Bank</td> <td style="text-align: right;">£236.61</td> </tr> <tr> <td><b>Funds Total</b></td> <td style="text-align: right;"><b>£6,730.98</b></td> </tr> </table>	SPC Current Account	£6,485.97	SPC Current Account No. 2	£8.40	Unity Trust Bank	£236.61	<b>Funds Total</b>	<b>£6,730.98</b>
SPC Current Account	£6,485.97									
SPC Current Account No. 2	£8.40									
Unity Trust Bank	£236.61									
<b>Funds Total</b>	<b>£6,730.98</b>									
Is there an underlying financial trail from records to presented accounts?	Yes for some entries and No for others (see comments)	<p>Box 1 figure is recorded correctly.  Box 2 figure is recorded correctly.  Box 3 figure is to be reviewed by the RFO.  Total other receipts is recorded as £7,236 and cannot be linked back to the totals recorded in the cashbook. Council should that these transactions although they may include transfers between bank current and deposit accounts and other short-term deposits. It is correct to record such transactions in the cash book for control and reconciliation purposes. However, they are not reported in the accounting statements because these transfers do not represent either receipts or payments, or income or expenditure for the authority. Income should record entries that relate to repaid investments or loans, monies borrowed to finance projects, proceeds from the sale of fixed assets, fees, charges and grants such as the council tax support grant, CIL monies or any other grants received by the council.</p> <p>Box 4 – This can be linked to the cashbook but it includes home working allowance. This figure is to be reviewed by the RFO. The practitioners guide states that ‘The following are not staff costs for the purpose of Line 4; mileage and other travelling and subsistence allowances, “Home working allowance” that</p>								

		<p>is, an allowance paid to cover the extra costs of working from home, the provision of work related training, the reimbursement of childcare or other carers costs, the reimbursement of a staff members subscription to the Society of Local Council Clerks, the provision of office supplies such as laptop, scanner or stationery and consultants and agency staff.</p> <p>Box 6 – All other payments – this is to be reviewed as it will need changing due to the figures that will be amended at box 4.</p>
		<p><b>RECOMMENDATION 16: That the AGAR accounting statements are reviewed again by the RFO and corrected. See practitioners guide 2021 (from page 16-19)</b></p>
Where appropriate, debtors and creditors properly recorded?	Not applicable	
<b>Internal Audit Response</b>		<b>Yes (subject to corrective action taken by the council to review the AGAR Accounting statements).</b>

**K IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick “not covered”)**

Internal Audit Testing	Compliance	Comments / Recommendations
Has the Council correctly declared itself exempt from external audit? i.e receipts and payments individually totalled less than £25k.	Not applicable	The council received an external audit (limited assurance review).
<b>Internal Audit Response</b>		<b>Not Covered</b>

**L If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.  
\*Applies to councils covered by the £25,000 external audit exemption.**

Internal Audit Testing	Compliance	Comments / Recommendations
<p>Annual publication of all items of expenditure above £100?</p> <p>Publish details of each individual item of expenditure. Copies of all books, deeds, contracts, bills, vouchers, receipts and other related documents do not need to be published but should remain available</p>	No	<p>Although there is reference within the council minutes of the payments, there is no breakdown of the information that is required in accordance with the transparency code. This information to be published by 01 July.</p>

<p>for inspection. For each individual item of expenditure the following information must be published:</p> <p>a. date the expenditure was incurred,  b. summary of the purpose of the expenditure,  c. amount, and  d. Value Added Tax that cannot be recovered.</p>		<p><b>RECOMMENDATION 17: That a transparency page is set-up on the website to include the publication of the items of the transparency code and with internal web-links to where the information can be sourced from within other areas of the website. The published data for payments above £100.00 should include:</b></p> <p><b>a. date the expenditure was incurred, b. summary of the purpose of the expenditure, c. amount, and d. Value Added Tax that cannot be recovered.</b></p>
<p>Annual publication – Annual end of year accounts?</p> <p>Publish signed statement of accounts according to the format included in the Annual Return form. It should be accompanied by: a. a copy of the bank reconciliation for the relevant financial year, b. an explanation of any significant variances (e.g. more than 10-15 percent) in the statement of accounts for the relevant year and previous year, and c. an explanation of any differences between ‘balances carried forward’ and ‘total cash and short term investments’, if applicable.</p>	<p>No</p>	<p>At the time the audit was undertaken, the AGAR was in draft form. It is noted that the compliance requirements for this area for the 2019/20 were met and can be accessed from this link: <a href="#">2016 - 2017 - Spaldington Parish Council</a>.</p> <p>The Clerk/RFO is aware to publish this information by the 01 July 2021.</p>
<p>Annual Governance Statement?</p> <p>Publish signed annual governance statement according to the format included in the Annual Return form. Explain any negative responses to governance statements, including how any weaknesses will be addressed.</p>	<p>No</p>	<p>The Clerk/RFO is aware to publish the statements and to make these available on the website by the 01 July 2021.</p>
<p>Internal Audit Report?</p> <p>Publish signed internal audit report according to the format included in the Annual Return form. Explain any negative response to the internal controls objectives, including how any weaknesses will be addressed. Explain any ‘not covered’ responses to internal controls objectives.</p>	<p>No</p>	<p>The Clerk/RFO will need to provide a response to the external auditor for each negative response provided by the internal auditor.</p>
<p>List of councillor or member responsibilities?</p> <p>Annual publication of councillor or member responsibilities including:</p> <p>a) names of all councillors or members,  b) committee or board membership and function (if Chairman or Vice-Chairman),  and</p>	<p>No</p>	<p>Although there are some member responsibilities, these do not fully comply with the requirements of the code ie names of councillors are not identified who serve on the FOI committee and any members on external bodies. Information is accessible via this link: <a href="#">Councillors &amp; Clerk - Spaldington Parish Council</a></p>

c) representation on external local public bodies (if nominated to represent the authority or board).		
Location of public land and building assets?  Annual publication details of all public land and building assets.	Not applicable	This does not apply to the council and information on the transparency page should state this.
Minutes, agendas and papers of formal meetings?  Publication of draft minutes from all formal meetings not later than one month after the meeting has taken place. Publication of meeting agendas and associated meeting papers not later than three clear days before the meeting to which they relate is taking place.	Yes	Accessible from this link: <a href="#">2020 - 2021 - Spaldington Parish Council</a> If the council has any supporting meeting papers then these should also be published alongside the agenda.
<b>Internal Audit Response</b>		<b>No</b>

**M** The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

Internal Audit Testing	Compliance	Comments / Recommendations
Do arrangements for public inspection of council's records exist? The inspection window must include a 30-working day period including the first 10 working days of July following the end of the financial year to which the accounts relate.	Yes	
*Exercise of public rights had to commence on or before 01 September. Requirement for first 10 working days in July was removed due to Coronavirus pandemic.	No	The calculation of the dates included one additional working day. The dates of the working days are calculated as inclusive.
Evidence of public inspection notice seen? And website address.	Yes	See link: <a href="#">notice-of-public-rights-and-publication-of-unaudited-agar.pdf (spaldingtonparishcouncil.gov.uk)</a>
Did the council approve the relevant dates in the council minutes for the exercise of public rights?	No	The council should formally document in their minutes the dates for the exercise of public rights
<b>Internal Audit Response</b>		<b>No</b>

**N** The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).

Internal Audit Testing	Compliance	Comments / Recommendations
<b>Review evidence for publication:</b>		
1) AGAR to be approved and published by 31 August 2020 at the latest or may be approved earlier, wherever possible (previous requirement was 01 July 2020).		

**2) External Audit Certificate and Conclusion of Audit of Notice to be posted on the council website by 30 November 2020 (extended by one month from 30 September 2020).**

• Notice of the period of exercise rights and a declaration that the accounting statements are as yet unaudited.	Yes	See link: <a href="https://spaldingtonparishcouncil.gov.uk/notice-of-public-rights-and-publication-of-unaudited-agar.pdf">notice-of-public-rights-and-publication-of-unaudited-agar.pdf (spaldingtonparishcouncil.gov.uk)</a>
• Section 1 – Annual Governance Statement 2019/20 approved and signed.	Yes	See link: <a href="https://spaldingtonparishcouncil.gov.uk/section-1---annual-governance-statement-201920.pdf">section-1---annual-governance-statement-201920.pdf (spaldingtonparishcouncil.gov.uk)</a>
• Section 2 – Accounting Statements 2019/20 approved and signed.	Yes	See link: <a href="https://spaldingtonparishcouncil.gov.uk/section-2---accounting-statements-201920.pdf">section-2---accounting-statements-201920.pdf (spaldingtonparishcouncil.gov.uk)</a>
• Notice of conclusion of audit	No	
• Section 3 – External Auditor Report and Certificate	No	
• Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review	No	
<b>Internal Audit Response</b>		<b>No</b>

**O Trust funds (including charitable) – The council met its responsibilities as a trustee**

<b>Internal Audit Testing</b>	<b>Compliance</b>	<b>Comments / Recommendations</b>
Charities reported and accounted separately?		
<b>Internal Audit Response</b>		<b>Not applicable</b>

**AGAR Internal Audit Report 2020/21**

The internal audit AGAR report has been signed off. The responses as set out in the summary (page 3) have been carried across to the AGAR form. The negatives responses are supported by the findings contained in this report.

The AGAR accounting statements should be reviewed again by the RFO to ensure the correct figures are recorded in the boxes. Guidance is available from the Governance and Accountability Practitioners Guide 2021 (pages 16 to 19).

**Recommendations Action Plan (Attached)**





No	Recommendation	Responsibility	Timescale
1	That the opening balances are entered into the cashbook to ensure it is up to date and records the Councils cash balances.		
2	That the invoices from Peninsula Business Services are recorded correctly on the cashbook against the total amount and any VAT that should correspond to the invoices.		
3	That the salary and expenses are recorded accurately to the correct expense codes in the cashbook.		
4	That the council adopts the Standing Orders based on the NALC model and tailors these to the council's requirements. Any financial requirements contained within the Standing Orders must correspond to the Financial Regulations		
5	That the Financial Regulations are reviewed against the NALC Model and tailored to the councils requirements and that best practice and statutory requirement clauses are retained from the NALC Model.		
6	A suitably designed accounts authorisation stamp should be used for all invoices, for providing evidence of checks as required by the councils Financial Regulations. An authorisation stamp could include details for Certifying Officer; Authorisation reference; Purchase Order number; System Code; Date Paid and Payment Type which could include details of the cheque number, direct debit arrangement or bank transfer reference and Signatory 1 and Signatory 2 authorisation.		
7	That the VAT is reclaimed for ACS value of £10.00 and ERYC value of £49.74 and the cashbook is updated to record the breakdown of Net and VAT amounts.		
8	That a corporate risk assessment policy is introduced and adopted by the council to cover all financial and reputational risks the council is exposed to.		
9	That the council follows the guidance in the practitioners guide, page 34 to prepare the annual budget.		
10	That the council reserves are increased to cover 12 months net revenue expenditure.		

11	That the SCP Salary Point is documented in a confidential note with a reference in the public council minutes of the meeting that approves the salary.		
12	That overtime sheets are signed off by the Chairman and retained on file for audit purposes.		
13	That the Asset Register includes a column for replacement value.		
14	That the council ensures that there is a breakdown of variances in the asset register to support the changes over the year.		
15	That the assets are checked to verify their physical existence.		
16	That the AGAR accounting statements are reviewed again by the RFO and corrected. See practitioners guide 2021 (from page 16-19)		
17	<p>That a transparency page is set-up on the website to include the publication of the items of the transparency code and with internal web-links to where the information can be sourced from within other areas of the website. The published data for payments above £100.00 should include:</p> <ul style="list-style-type: none"> <li>a. date the expenditure was incurred,</li> <li>b. summary of the purpose of the expenditure,</li> <li>c. amount, and</li> <li>d. Value Added Tax that cannot be recovered.</li> </ul>		