

Annual Governance and Accountability Return 2023/24 Form 2

To be completed only by Local Councils, Internal Drainage Boards and other smaller authorities* where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, and that wish to CERTIFY themselves as EXEMPT from a limited assurance review

Guidance notes on completing Form 2 of the Annual Governance and Accountability Return 2023/24

1. Every smaller authority in England where the higher of gross income or gross expenditure was £25,000 or less **must**, after the end of each financial year, complete Form 2 of the Annual Governance and Accountability Return in accordance with *Proper Practices*, unless the authority:
 - a) does not meet the qualifying criteria for exemption; or
 - b) does not wish to certify itself as exempt
2. Smaller authorities where the higher of all gross annual income or gross annual expenditure **does not exceed** £25,000 and that meet the qualifying criteria as set out in the Certificate of Exemption **are able to declare themselves exempt** from sending the completed Annual Governance and Accountability Return to the external auditor for a limited assurance review **provided** the authority **completes**:
 - a) The **Certificate of Exemption**, page 3 and returns a copy of it to the external auditor **either** by email **or** by post (not both) **no later than 30 June 2024**. Failure to do so will result in reminder letter(s) for which the Authority will be charged £40 +VAT for each letter; and
 - b) The **Annual Governance and Accountability Return (Form 2)** which is made up of:
 - c) **Annual Internal Audit Report (page 4)** must be completed by the authority's internal auditor.
 - d) **Section 1 – Annual Governance Statement (page 5)** must be completed and approved by the authority.
 - e) **Section 2 – Accounting Statements (page 6)** must be completed and approved by the authority.

NOTE: Authorities certifying themselves as exempt SHOULD NOT send the completed Annual Governance and Accountability Return to the external auditor.
3. The authority **must** approve Section 1 Annual Governance Statement **before** approving Section 2 Accounting Statements and both **must** be approved and published on the authority website/webpage **before 1 July 2024**.

Publication Requirements

Smaller authorities **must** publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:

- **Certificate of Exemption**, page 3
- **Annual Internal Audit Report 2023/24**, page 4
- **Section 1 – Annual Governance Statement 2023/24**, page 5
- **Section 2 – Accounting Statements 2023/24**, page 6
- Analysis of variances
- Bank reconciliation
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

Limited Assurance Review

Any smaller authority may request a limited assurance review. If so, the authority should not certify itself as exempt or complete the Certificate of Exemption. Instead it should complete Form 3 of the AGAR 2023/24 and return it to the external auditor together with the supporting documentation requested by the external auditor. The cost to the authority for the review will be **£210 +VAT**.

Provided that the authority certifies itself as exempt, and completes and publishes the documents listed under 'Publication Requirements', there is no requirement for the authority to have a review.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Form 2 of the Annual Governance and Accountability Return (AGAR) 2023/24, Sections 1 and 2

- An authority that wishes to declare itself exempt from the requirement for a limited assurance review must do so at a meeting of the authority after 31 March 2024. It should not submit its Annual Governance and Accountability Return to the external auditor. However, as part of a more proportionate regime, the authority **must** comply with the requirements of the Transparency Code for Smaller Authorities.
- The Certificate of Exemption must be returned to the external auditor no later than **30 June 2024**. Reminder letters will incur a charge of £40 +VAT for each letter.
- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR and the Certificate of Exemption. Proper Practices are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. Any amendments must be approved by the authority and properly initialled.
- Use the checklist provided below to review the AGAR for completeness at the meeting at which it is signed off.
- **You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chair, and provide relevant authority owned generic email addresses and telephone numbers.**
- The authority must publish numerical and narrative explanations for significant variances in the accounting statements on **page 6**. Guidance is provided in the *Practitioners' Guide** which may assist.
- Make sure that the accounting statements add up and the balance carried forward from the previous year (Box 7 of 2023) equals the balance brought forward in the current year (Box 1 of 2024).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish, on the authority website/webpage, the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2024**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes been completed?	✓	
	Have the dates set for the period for the exercise of public rights been published?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', is an explanation available for publication?	✓	
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?	✓	
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chair of the approval meeting?	✓	
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at 31 March 2024 been reconciled to Box 8?	✓	
	Is an explanation of any difference between Box 7 and Box 8 available, should a question be raised by a local elector and/or an interested party?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? (<i>Local Councils only</i>)	—	

*Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Certificate of Exemption – AGAR 2023/24 Form 2

To be completed by smaller authorities where the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ended 31 March 2024, and that wish to certify themselves as exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

There is no requirement to have a limited assurance review or to submit an Annual Governance and Accountability Return to the external auditor, **provided** that the authority has certified itself as exempt at a meeting of the authority after 31 March 2024 and a completed Certificate of Exemption is submitted no later than **30 June 2024** notifying the external auditor.

Stapleford Parish Council

certifies that during the financial year 2023/24, the higher of the authority's total gross income for the year or total gross annual expenditure, for the year did not exceed **£25,000**

Total annual gross income for the authority 2023/24: **£9,506**

Total annual gross expenditure for the authority 2023/24: **£8,772**

There are certain circumstances in which an authority will be **unable to certify itself as exempt**, so that a limited assurance review will still be required. If an authority is **unable to confirm the statements below** then it **cannot certify itself as exempt** and it **must** submit the completed Annual Governance and Accountability Return Form 3 to the external auditor to undertake a limited assurance review for which a fee of **£210 +VAT** will be payable.

By signing this **Certificate of Exemption** you are confirming that:

- The authority was in existence on 1st April 2020
- In relation to the preceding financial year (2022/23), the external auditor has not:
 - issued a public interest report in respect of the authority or any entity connected with it
 - made a statutory recommendation to the authority, relating to the authority or any entity connected with it
 - issued an advisory notice under paragraph 1(1) of Schedule 8 to the Local Audit and Accountability Act 2014 ("the Act"), and has not withdrawn the notice
 - commenced judicial review proceedings under section 31(1) of the Act
 - made an application under section 28(1) of the Act for a declaration that an item of account is unlawful, and the application has not been withdrawn nor has the court refused to make the declaration
- The court has not declared an item of account unlawful after a person made an appeal under section 28(3) of the Act.

If the above statements apply and the authority neither received gross income, nor incurred gross expenditure, exceeding £25,000, then the Certificate of Exemption can be signed and a copy submitted to the external auditor **either by email or by post (not both).**

The Annual Internal Audit Report, Annual Governance Statement, Accounting Statements, an analysis of variances and the bank reconciliation plus the information required by Regulation 15 (2), Accounts and Audit Regulations 2015 including the period for the exercise of public rights still need to be fully completed and, along with a copy of this certificate, published on the authority website/webpage* before 1 July 2024.

Signing this certificate confirms the authority will comply with the publication requirements.

Signed by the Responsible Financial Officer

Date

12/06/2024

I confirm that this Certificate of Exemption was approved by this authority on this date:

12/06/2024

Signed by Chair

Date

12/06/2024

as recorded in minute reference:

Internal Audit / AGA

Generic email address of Authority

staplefordpc@yahoo.com

Telephone number

07595039778

*Published web address

staplefordpc.co.uk

ONLY this Certificate of Exemption should be returned EITHER by email OR by post (not both) as soon as possible after certification to your external auditor, but no later than 30 June 2024. Reminder letters for late submission will incur a charge of £40 + VAT.

Annual Internal Audit Report 2023/24

Stapleford Parish Council

staplefordpc.co.uk

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective			
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	☒		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		☒	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		☒	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		☒	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	☒		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			☒
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.		☒	
H. Asset and investments registers were complete and accurate and properly maintained.		☒	
I. Periodic bank account reconciliations were properly carried out during the year.		☒	
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.		☒	
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick 'not covered')	☒		
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.		☒	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	☒	☒	
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).		☒	
O. (For local councils only)			
Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			☒

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

4/6/24

Name of person who carried out the internal audit

Nicola Bugden PSLCC

Signature of person who carried out the internal audit



Date 5/6/24

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

* See narrative report for further explanation.

Section 1 – Annual Governance Statement 2023/24

We acknowledge as the members of:

Stapleford Parish Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2024, that:

	Agreed		
	Yes	No	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	☒	☐	prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	☒	☐	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	☐	☒	has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	☒	☐	during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	☒	☐	considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	☐	☒	arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	☒	☐	responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	☐	☒	disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
	☐	☐	☒

*For any statement to which the response is 'no', an explanation must be published

This Annual Governance Statement was approved at a meeting of the authority on:

12/06/2024

and recorded as minute reference:

Internal Audit / AGA

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

Clerk

Information required by the Transparency Code (not part of the Annual Governance Statement)

The authority website/webpage is up to date and the information required by the Transparency Code has been published.

Yes No

☒ ☐

staplefordpc.co.uk

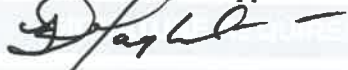
Section 2 – Accounting Statements 2023/24 for

Stapleford Parish Council

restated figures from year 22/23

	Year ending		Notes and guidance
	31 March 2023 £	31 March 2024 £	
1. Balances brought forward	12,882	15,822	Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	7,500	9,500	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	3,885	6	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	3,250	3,000	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	5,196	5,772	Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	15,822	16,556	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	15,822	16,556	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	13,960	13,960	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
For Local Councils Only	Yes	No	N/A
11a. Disclosure note re Trust funds (including charitable)			
11b. Disclosure note re Trust funds (including charitable)			✓
			The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
			The figures in the accounting statements above exclude any Trust transactions.

I certify that for the year ended 31 March 2024 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.
Signed by Responsible Financial Officer before being presented to the authority for approval


Date 12/06/2024

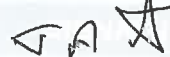
I confirm that these Accounting Statements were approved by this authority on this date:

12/06/2024

as recorded in minute reference:

Internal Audit / AGA

Signed by Chair of the meeting where the Accounting Statements were approved



Internal Audit Report

(To be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Stapleford Parish Council		
Name of Internal Auditor:	Nikki Bugden	Date of report:	5/6/2024
Year ending:	31 March 2023	Date audit carried out:	Initial visit 4/6/2024

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

Firstly, I would like to thank your clerk for providing me with all of the necessary documentation to enable me to conduct your internal audit. From our initial meeting it is evident that there is a desire from your new clerk to implement new structure to support council with its obligations and it is apparent that your clerk has a good awareness of the necessity for a comprehensive system of internal controls and governance. There has been a challenging transition period, and it appears that previously procedural and legislative requirements have not been kept up to date.

I understand that the clerk has already identified processes that need to be in place to fulfil statutory responsibilities and Stapleford Parish Council is keen to build upon this. On that basis, council has supported the clerk by seeking support and training from the Hertfordshire County Association.

As an internal audit was not undertaken last year, with the approval of the clerk, I have conducted a more in-depth audit, on occasions recommending items that are 'best practice' and as such fall outside of the usual scope of Internal Audit. This will enable the clerk to use this narrative report as a benchmark to assist them in seeking the appropriate training to embed the necessary statutory requirements.

A sound framework of governance and accounting practices will ensure that Stapleford Parish Council (SPC) adheres to current legislation and will enable them to fulfil their statutory duties.

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2023)*. It is a guide to the

accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from: [The Practitioners Guide 2023](#). This guide should be used by council and the clerk, along with relevant legislation to build upon the recommendations within this report. Please note that this guide is updated annually.

Councillors and the clerk may also find the following guides useful for explaining statutory powers and duties. (HAPTC can assist with the necessary passwords for access as you are now members)

[The Good Councillors Guide](#)

[The Good Councillors Guide to Finance and Transparency](#)

Councillors and the clerk should always ensure that any expenditure is considered under the appropriate statutory 'power to spend'. HAPTC can provide a list of these, alternatively these will be discussed at the New Clerk Induction training which I believe your clerk is registered for.

As council has recently joined The Hertfordshire Association of Parish and Town Councils (HAPTC) it may wish to ensure that consideration is given at budget setting for training costs and necessary additional hours to enable their clerk to attend the appropriate training to support her in her role. As an inexperienced clerk it is imperative that the necessary support and training is given to navigate the myriad of legislative powers and duties that must be undertaken by a parish council to prevent council from inadvertently becoming non-compliant.

Adoption of the NALC 'Model' Financial Regulations and Standing orders will provide a framework for council to assist in embedding the recommendations listed below within the day-to-day actions. Whilst there will be significant work required initially by your clerk (with the support of council) to implement these necessary improvements, the ongoing maintenance will be much less time consuming.

Please do not hesitate to contact me if you require any further clarification on matters raised in this report, whilst on first reading it can seem daunting, I would like to reassure council and your clerk that this is a stepping stone for council to move forward with in a considered way. It is not expected that all recommendations be rectified in haste but rather that the processes are integrated within a timeframe that is achievable for your council and your clerk without causing overwhelm.

A. Appropriate accounting records have been kept throughout the Year.	YES
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Whilst SPC complies in most respects some adjustments to the excel accounting sheets have been suggested to the clerk.

Recommendations

- Carried forward figure to be included in the cashbook
- Separate accounting records (heading or column) required in the cashbook for s.137¹ expenditure
- VAT should be accounted for separately (separate column)

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	NO
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The council's financial system should set out the general rules applicable at council meetings and for carrying out council business. These rules are covered in Standing Orders and Financial Regulations, model versions of which are available

SPC has historic standing orders which do not contain the correct statutory practices and there are currently no financial regulations in place.

VAT has not been reclaimed for the previous 2 financial years.

The clerk is currently waiting for access to the bank accounts and councillors currently place orders and make payments for goods.

Council should make reference to the Financial Regulations for further guidance on safe procedures for expenditure.

Recommendations

- The NALC 'Model' Financial Regulations and Standing Orders should be adopted by council as a matter of urgency.
- The clerk should have full access to all bank accounts.
- Appropriate measures should be taken to ensure that the clerk has 'control' of all orders being placed (reference should be made to the appropriate section within the Financial Regulations).
- Council should ensure that appropriate VAT reclaims are being undertaken²

¹ [The government confirms the Section 137 expenditure limit for 2023/24 - News \(nalc.gov.uk\)](https://www.nalc.gov.uk/news/the-government-confirms-the-section-137-expenditure-limit-for-2023-24)

² [Claim a VAT refund as an organisation not registered for VAT - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/claim-a-vat-refund-as-an-organisation-not-registered-for-vat)

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	NO
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Council uses a qualified, external provider to undertake an annual play inspection of their play equipment and have recently conducted a tree survey on land that they manage. Interim inspections are carried out on an 'ad-hoc' basis but no evidence of these are retained.

I have been unable to answer this assertion in the affirmative as there was no insurance in place for part of the year being audited. This policy has now been renewed for the new financial year.

Council has not undertaken a full risk assessment for their activities and there has been no annual review of the effectiveness of internal control.

Recommendations

- Council to ensure that insurance cover is considered and if appropriate is approved annually (as a separate agenda item)
- Council to ascertain if annual playground inspections are adequate to comply with the requirements of their insurance cover. If additional checks are being carried out, then adequate evidence should be retained on file to support any potential claims.
- The insurance policy should be checked to ensure that appropriate 'fidelity cover' is in place.
- The asset register should be inspected to ensure that insurance cover is adequate.
- The insurance cover and risk assessments for contractors should be verified (whilst being an appropriate check for risk mitigation this may also be a requirement of your own insurance cover)
- Council should undertake a risk assessment for any land or open space that it manages, and this should be reviewed annually.
- A risk assessment for the council and its business should be undertaken.
- An annual review of the effectiveness of internal controls must be carried out and evidenced (agenda item)³

D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	NO
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The precept was previously agreed under 'any other business' on the agenda. There was no evidence of budget setting or monitoring of performance against budgets.

³Account and Audit Regulations 2015 [data.pdf \(legislation.gov.uk\)](https://www.legislation.gov.uk/data.pdf).

Recommendation

- That council are informed of budget performance, as appropriate, throughout the year.
- The budget must be considered prior to the precept being agreed
- That the setting of the precept be listed as a standalone agenda item

E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.	YES
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Precept income was received. There is no additional income, apart from bank interest being received.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	NA
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There is no petty cash held. Council may wish to consider a method for the clerk to make purchases as personal cards should not be used. (the model financial regulations make reference to this).

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	NO
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There is currently no employment contract in place. This is a breach of employment legislation.

There has been no tax or national insurance deducted or paid across in line with the prevailing taxation regime.

Recommendations

- An employment contract must be drawn up and approved by council, with a statement of particulars (and subsequently signed by the clerk) (Employment Rights Act 1996)
- An agenda item appointing the Clerk and Responsible Financial Officer (RFO) must be on the next appropriate agenda (and evidenced in the minutes) as the appointment of an RFO is a statutory duty.⁴
- Council must determine whether they will administer their own payroll using the HMRC Basic Tools software or whether they prefer to outsource this admin function to a payroll provider (due to the limited working hours available to your clerk and as an additional control measure)
- Council must ensure that it fulfils the statutory obligation as an employer and seek guidance from HMRC to enable it to pay the relevant Employer National Insurance contributions as a matter of urgency, (along with any employee deductions).

⁴ Section 151 LGA 1972 [Local Government Act 1972 \(legislation.gov.uk\)](https://legislation.gov.uk)

- Council will need to consider obligations under The Pensions Act 2018 and auto enrolment and should seek guidance from The Pensions Regulator ⁵

H. Asset and investment registers were complete and accurate and properly maintained.	NO
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A comprehensive asset register was not available at the time of my inspection of records.

Recommendations

- The asset register must be reviewed and updated to ensure that all assets are correctly accounted for. The methodology is explained in the Practitioner's Guide.

I. Periodic bank reconciliations were carried out throughout the year.	NO
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There is no evidence of periodic bank reconciliation.
See section J below for further recommendations.

Recommendation

- That council adopt the process as outlined within the Practitioners Guide and Model Financial Regulations and this process is evidenced on the agenda and in the minutes.

J. 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.	NO
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The clerk has experienced some difficulties caused by lack of access to historic accounting figures and lack of access to the bank accounts.

At the time of writing my report I have been unable to reconcile the figures in the AGAR with the underlying accounting records. It has been suggested to the clerk that they may wish to 'rebuild' the cashbook, going back to year end March 2022 and ticking back all items to the bank statements. This period reflect the period that the clerk has been employed by SPC.

The bank reconciliation forms provided by the external auditor should be used to verify that after this exercise all balances are correct to carry forward in to the new financial year.

⁵ [Employers | The Pensions Regulator](#)

At a later point council may wish for further investigations to be undertaken with the previous years that appear to be showing unreconciled differences (as there may be items outstanding that have never been banked and which remain a liability),
The clerk must ensure that all invoices are retained and that they are all correctly addressed to the council.

There is a process for payment approval set out in the Model Financial Regulations which should be implemented in the new audit year.

Recommendation

Figures to be reconciled from bank statements to underlying accounting records prior to submission of AGAR (care to be taken re statutory submission dates)

K. 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.	YES
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Council has certified itself as exempt, however, although this is appropriate this was not evidenced on an agenda or within the minutes. For exempt authorities' Internal audits are a statutory requirement, they must also evidence a suitable level of independence between the internal auditor and clerk.

Recommendation

- Exemption to be considered, and if appropriate, approved by council.

L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	NO
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Council does publish some information on the website but currently these records are not complete.

In addition to the relevant Transparency Code the 'relevant legislation' includes, but is not limited to, the Accounts and Audit Regulations 2015. Council is also bound by the Freedom of Information Act.

Recommendation

- Council must comply with the publication requirements under the Freedom of Information Act 2000⁶⁶
- In line with above council must join the Information Commissioners Office and adopt (and publish to their website) a template Publication Scheme ⁱ⁷
- Council must comply with the Transparency Code for Smaller Authorities

⁶⁶ [Freedom of Information Act 2000 \(legislation.gov.uk\)](https://legislation.gov.uk)

⁷ [Transparency Code for Smaller Authorities.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

M. 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.	NO
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There is currently no evidence available in the minutes or on the website to confirm that council adequately provided for the exercise of public rights within the prior year. The guidance provided by the external auditor details the precise actions to be taken and supplies the relevant template documents.

Recommendation

- Council must adhere to this statutory requirement and evidence it on an agenda, in the minutes and on the website. Statutory notice timescales are provided by the external auditor and these dates, once agreed by council, must be minuted.

N. The authority complied with the publication requirements for the prior year AGAR.	NO
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The statutory disclosure/publication requirements are detailed on the front of the AGAR form. The previous years AGAR has not been published.

The AGAR was considered under any other business.

Recommendation

- AGAR to be included on an agenda, with the forms (including the internal audit form, being listed on the agenda as separate items and in the correct order) -this information is detailed in the explanatory notes on the front of the AGAR forms.
- AGAR for 2022/23 (and subsequent years) to be uploaded to the website in accordance with statutory requirements as detailed on the AGAR form.

O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.	NA
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I have not been made aware that the council has any responsibilities as s trustee, however I would recommend that the clerk investigates the lease terms of the Waterford Marsh to ensure that any duties are being met.

Yours sincerely,

Nikki Bugden

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