

Annual Internal Audit Report 2019/20

Broughton & Old Dairy

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2020.

The internal audit for 2019/20 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	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	<input checked="" type="checkbox"/>		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			<i>N/A</i>
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.	<input checked="" type="checkbox"/>		
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>		
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>		
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.	<input checked="" type="checkbox"/>		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			<input checked="" type="checkbox"/>
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	<input checked="" type="checkbox"/>		
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			<input checked="" type="checkbox"/>

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,

26/4/2020

Name of person who carried out the internal audit

TEMY TROWN

Signature of person who carried out the internal audit

[Signature]

LRALC Internal Audit Service

26/4/20.

*If the response is 'no' you must include a note to 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).

Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of:

Broughton and Old Dalby

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 2020, 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.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
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.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
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.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
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.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>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.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
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.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
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
			✓

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

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

Monday 11 May 2020

and recorded as minute reference:

20/097 (e)

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

Chairman

P. Adam, P. JORN

Clerk

S. Evans, S. EVANS.

Other information required by the Transparency Codes (not part of Annual Governance Statement)
Authority web address

Section 2 – Accounting Statements 2019/20 for

Broughton and Old Dalby

	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
1. Balances brought forward	33525	41638	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	28250	29000	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	2904	2155	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	6105	6511	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	16936	39372	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	41638	26910	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	41638	26910	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	131067	131965 28. 148,442	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).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
		✓	

I certify that for the year ended 31 March 2020 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

S. EVANS.

Date 11.5.2020

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

11/5/2020

as recorded in minute reference:

20/097(e)

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

P. Jones

Explanation of variances – pro forma

Name of tender authority: [REDACTED]
 County area (local councils and public transport): [REDACTED]

Insert figures from Section 2 of the ASAR in all Blue highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2018/2019 £	2019/2020 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures Input. DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	33,525	41,838				Explanation of % variance from PY opening balance not required - Balance brought forward agrees.	
2 Precept or Rates and Levies	26,260	29,009	750	2.65%	NO		
3 Total Other Receipts	2,904	2,165	-749	25.79%	YES		last year we received a large cash donation from the local pub charity hog roast day to help towards the renovation of the slide in the play area.
4 Staff Costs	5,106	5,511	405	6.65%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	16,998	38,372	22,436	132.48%	YES		We had 2 new bus shelters in the parish, a new notice board and a new lap top for the clerk, we also had to have extensive tree work following a survey and the removal of a large turkey oak tree on the village green which was in a dangerous condition.
7 Balances Carried Forward	41,838	26,910			NO	VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	41,838	26,910				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	131,067	131,505	918	0.70%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

Bank reconciliation – example

This reconciliation should include **all** bank and building society accounts, including short term investment accounts. It **must** agree to Box 8 in the column headed "Year ending 31 March 20xx" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts are prepared on a receipts and payments basis

Name of smaller authority: Broughton and Old Dalby Parish Council

County area (local councils and parish meetings only): n/a

Financial year ending 31 March 20xx

Prepared by (Name and Role): Sue Evans (clerk to the parish council)

Date: 27/04/2019

	£	£
Balance per bank statements as at 31/3/2020		
Current Account	7,674.45	
High Interest Account	19,235.73	
Building Society Premium Account		
		<hr/>
		26,910.18
Petty cash float (if applicable)		
Less: any un-presented cheques as at 31/3/xx (normally only current account)		
Cheque number 102100	(50.00)	
		<hr/>
		(50.00)
Add: any un-banked cash as at 31/3/xx e.g Allotment rents banked 30/3/xx (but not credited until 2 April)	50.00	
		<hr/>
		50.00
Net balances as at 31/3/2020 (Box 8)		<hr/> <hr/> 26,910.18

Internal Audit Report

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

Name of council:	Broughton and Old Dalby Parish Council		
Name of Internal Auditor:	Terry Brown	Date of report:	28/4/2020
Year ending:	31 March 2020	Date audit carried out:	26/4/2020

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 staff and management and not left for internal audit.

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:

In accordance with the terms of my engagement I have undertaken a review of Broughton and Old Dalby Parish Council's records, policies and procedures for the financial year ending 31st March 2020 and I enclose a completed and signed Annual Internal Audit Report for the AGAR 2019/20.

The internal audit exercise involves the testing of the evidence of and evidence of compliance with the 12 statements contained in the Annual Internal Audit Report of the Annual Governance and Accountability Return (AGAR)

The statements refer to:

- A. Maintenance of proper financial records
- B. Compliance with the Council's Standing Orders, Financial Regulations and proper accounting for VAT
- C. Adequacy of risk management arrangements
- D. Effective budgeting and budgetary control
- E. Identification of income due and timely collection and banking of such monies
- F. Proper administration of petty cash (where appropriate)
- G. Proper administration of salaries of employees and expenses paid
- H. Maintenance of an accurate and reliable asset register
- I. The completion of regular bank reconciliations
- J. The correct basis and accurate preparation of year-end accounts
- K. Whether the Council has met its responsibilities as a trustee (where appropriate)
- L. Correctly applying the exercise of public rights during the previous year period

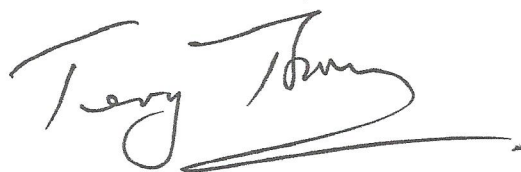
As you will know Sue Evans was new to the role of Parish Clerk in December 2019 and she has cooperated enthusiastically with me to process this 2020 Internal Audit Report. In doing so she has had the good fortune to inherit a robust system from her predecessor.

However the nature of the background to the AGAR this year because of Corona means that the audit process throws into greater prominence the role of the Parish Council's website as a critical tool to assess the adherence of your Council to achieving consistency and regulatory compliance and the associated reporting requirements for Transparency; for example to show the Asset Register on the website (as recommended in the 2019 Internal Auditor's Report)

I am satisfied as to the effectiveness of the Council' internal controls. My recommendation is that in her first full year Sue reviews all such elements and the functioning of the website. To help with this I attach a copy of the LRALC Local Council and Documents and Policies guide. Further I would recommend that all the points raised in the 2019 Internal Report are rechecked for compliance

This report is based on the evidence made available to me. The accounts are prepared using an Excel spreadsheet and are up to date at the year-end, but 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. Consequently, the report is limited to those matters set out.

Yours sincerely,



Terry Brown
Internal Auditor to Broughton and Old Dalby Parish Council on behalf of LRALC
01476 516366

The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	33525	41638
2. Annual precept	28250	29000
3. Total other receipts	2904	2155
4. Staff costs	6105	6511
5. Loan interest/capital repayments	0	0
6. Total other payments	16936	39372
7. Balances carried forward	41638	26910
8. Total cash and investments	41638	26910
9. Total fixed assets and long-term assets	131067	131985

10. Total borrowings	0	0
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The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2018)*. It is a guide to the accounting practices to be followed by local councils and sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from:

<http://www.leicestershireandrutlandalc.gov.uk/uploads/governance-and-accountability-for-smaller-authorities-in-england-2019-sections-1-5-1.pdf>