




# HALE PARISH COUNCIL

of the Halton Borough in the County of  
Cheshire



## NEXT MEETING

Members of the Council are summoned to the **EXTRA ORDINARY PARISH COUNCIL MEETING** to be held on  
Thursday the 29<sup>th</sup> August 2019 at **HALE VILLAGE HALL, HIGH STREET, HALE VILLAGE, L24 4AE**  
**COMMENCING AT 7.30PM**

  
Cllr L. Tzevas (Chairman)

### Note to Councillors:

If you are unable to attend the meeting, please notify the clerk of your apologies either by e-mail  
[clerk@haleparishcouncil.gov.uk](mailto:clerk@haleparishcouncil.gov.uk) or telephone 01772 733829

### Note to Public:

*Members of the public wishing to address the Council should note that they must advise the clerk before 10am on the day of the meeting of their wish to participate in the public forum. If residents fail to inform the clerk prior to the meeting, permission to speak at the meeting will be at the discretion of the Council. All participants are restricted to a maximum of three minutes. If the public wish to ask the Council questions please note that on this occasion responses will only be given to items specifically pertaining to the purpose of this extra ordinary meeting as detailed on the agenda below.*

## MEETING AGENDA

1. To receive Apologies
2. To receive Declarations of Interest
3. To adjourn the meeting for a period of public participation

*Please note that the Council may not make any lawful decision during this session – any items raised by members of the public may be considered for a future agenda. Members of the public are defined as any persons present other than parish council members or officials. At this meeting the only items that will be accepted from the public must relate directly to the purpose of this extraordinary meeting.*

*This session will be conducted by the Clerk as it is not part of the official Council meeting.*

4. To approve and authorise the Chairman and Clerk to sign Section 1 (Annual Governance Statement) being part of the AGAR for the year ending 31<sup>st</sup> March 2019 (papers enclosed)

5. To approve and authorise the Chairman and RFO to sign Section 2 (Accounting Statements) being part of the AGAR for the year ending 31<sup>st</sup> March 2019 (papers enclosed)
6. To receive and note the Internal Auditors Report as required by Audit Regulations (papers enclosed)
7. To consider the Internal Auditors Report comments and receive from the Clerk an update on some of the issues and agree in principle the actions that now need to be taken over the coming months to address the failures highlighted and agree the required action plan.
8. To consider and agree how to implement the specific recommendation below as contained in the Internal Audit report

*Therefore, to ensure the council can effectively implement the action plan and embed the changes required, we recommend there is a period of consistency in the officer resources that will be tasked with supporting the council with implementation of the internal audit action plan.*

To consider appointing the present Clerk on a replacement permanent contract for 16 hours per week in order to comply with and achieve the internal audit action plan above at a rate of £19.17 per hour (SCP 34) with existing travel and telephone expenses.

## Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

Hale 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 2019, that:

	Agreed		^Yes' means that this authority:
	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
			✓
			<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

\*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 should be published with the Annual Governance Statement.

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

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

and recorded as minute reference:

Chairman

Clerk

**Other information required by the Transparency Codes (not part of Annual Governance Statement)**

Authority web address

[www.haleparishcouncil.gov.uk](http://www.haleparishcouncil.gov.uk)

## Section 2 – Accounting Statements 2018/19 for

### Hale Parish Council

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	37182	(418)	<i>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.</i>
2. (+) Precept or Rates and Levies	26250	43225	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	415586	26179	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	7366	6012	<i>Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.</i>
5. (-) Loan interest/capital repayments	NIL	20116	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	472070	36623	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	(418)	6235	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	(418)	6235	<i>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.</i>
9. Total fixed assets plus long term investments and assets	594958	594958	<i>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.</i>
10. Total borrowings	20000	NIL	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<i>The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
		✓	

I certify that for the year ended 31 March 2019 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

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

as recorded in minute reference:

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

# Annual Internal Audit Report 2018/19

## Hale Parish Council

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 2019.

The internal audit for 2018/19 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.		✓	see issue 1 in report
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		✓	see issues 2, 3, 4, 5, 6, 7, 8, 9, in report
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓	see issues 10 and 11 in report
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		✓	see issues 12, 13 and 14 in report.
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.		✓	see issue 15 in report
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/A	no petty cash held	
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.	✓	except for issue 16 in report	
H. Asset and investments registers were complete and accurate and properly maintained.		✓	see issues 17, 18 in report.
I. Periodic and year-end bank account reconciliations were properly carried out.		✓	see issue 19 in report.
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.		✓	see issue 20 in report.
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)			✓
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
		✓	see issue 21 in report.

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

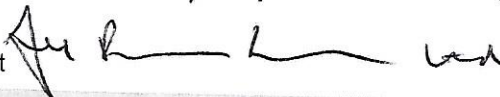
Date(s) internal audit undertaken

07/08/19 → 08/08/19.

Name of person who carried out the internal audit

JDH BUSINESS SERVICES LTD

Signature of person who carried out the internal audit



Date

19/8/2019

\*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).

## INTERNAL AUDIT REPORT

The internal audit of Hale Parish Council is carried out by undertaking the following tests as specified on the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements
- Reviewing whether the council has met its responsibilities as a trustee

### Conclusion

**On the basis of internal audit work carried out, which was limited to the tests above, in our view the council's system of internal controls is NOT in place, adequate for the purpose intended and effective.** The recommendations reported in the action plan overleaf need to be implemented promptly. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

**JDH Business Services Limited**

	ISSUE	RECOMMENDATION	FOLLOW UP
<p><b>There are a significant number of issues raised below with recommendations for action. The issues that need resolution cover almost all areas of the council business, control objectives and associated governance. Therefore, to ensure the council can effectively implement the action plan and embed the changes required, we recommend there is a period of consistency in the officer resources that will be tasked with supporting the council with implementation of the internal audit action plan.</b></p>			
<p><b>AGAR internal control objective A – Appropriate Accounting Records kept throughout financial year</b></p>			
1	<p>The accounting records for the year have recently been produced after the year end using SCRIBE software. We have not seen any evidence that accounting records, including a cash book, were maintained on an ongoing basis during the financial year.</p>	<p><i>The previous system for completely and accurately recording all receipts and payments transactions of the council was not fit for purpose and therefore the council should ensure a robust accounting system is used in future.</i></p>	
<p><b>AGAR internal control objective B – Compliance with Financial Regulations, payments supported by invoices, all expenditure approved and VAT appropriately accounted for</b></p>			
2	<p>There were no adopted Financial Regulations in place during 2018/19 nor any other document evidencing any adopted internal control procedures.</p> <p>Standard Financial Regulations require a council to obtain, where required, a borrowing approval when obtaining a loan. There was no information in the books and</p>	<p><i>The council should adopt NALC model Financial Regulations which have been aligned to the council scope and activity, including appropriate regulations for procurement and online banking.</i></p> <p><i>The council should always consider whether a borrowing approval is needed before undertaking any form of loan.</i></p>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	records presented for audit whether a borrowing approval had been considered for the £20000 loan with the principal council.		
3	We were informed that the bank account has been controlled by the Chairman and the previous clerk could also make payments on their own during 2018/19. Therefore the requirement that all transactions are authorised by a minimum of two members has not been in place. The system in place in 2018/19 meant that any one of two individuals could withdraw any quantity of council funds.	<i>The council need to urgently change internet banking controls to ensure two members can authorise every payment</i>	
4	The Chairman also has control of the Debit Card and can make payments without recourse to council. There are no FRs in place setting the control procedures for the use of the Debit Card. including setting a maximum transaction limit, authorising procedures for payments, and a maximum monthly and annual limit.	<i>Financial Regulations must be adopted that also set internal controls over the use of the council Debit Card. These controls should ensure there is a transaction limit placed on the card as well as a monthly and annual limit. All Debit Card payments should be approved by council.</i>	
5	Payments authorisation testing:  - The November payments schedule is not signed by members as	<i>All payment schedules approved by council should be signed.</i>	



## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>evidence of authorisation</p> <ul style="list-style-type: none"> <li>- No minutes were available for the period between November 2<sup>nd</sup>, 2018 and 25<sup>th</sup> March 2019. Therefore, there is no evidence any of the payments between these periods were authorised by council. In addition, no payments were approved in the March 25<sup>th</sup> 2019 meeting</li> <li>- Minutes are loose leaf with no annual sequence of numbering, therefore, the Chair should have initialed every page of the minutes rather than signing the last page of the minutes.</li> <li>- The references recorded on vouchers do not correlate with the Scribe voucher references which are also written against the bank statements. Therefore, there is a limited audit trail from vouchers to the ledger or bank statements.</li> </ul>	<p><i>All payments should be put to council for approval and a complete record of all signed minutes should be retained.</i></p> <p><i>Every page of loose leaf minutes should be initialed by the Chair.</i></p> <p><i>The audit trail should be improved by recording the SCRIBE transaction number on the invoices/vouchers</i></p>	
6	Internal vouchers are regularly used as a substitute for a third party voucher, invoice or confirmation of receipt. For example the	<i>The council should secure invoices/vouchers from suppliers or</i>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>following higher value payments were not supported by any third party voucher/invoice or confirmation of receipt:</p> <ul style="list-style-type: none"> <li>- Transaction 20 £1200 payee St Marys Church</li> <li>- Transaction 21 £20116 payee Halton Borough Council (loan repayment)</li> <li>- Transaction 52 £5000 Hale village hall</li> <li>- Transaction 89 £776.3 Tommy Figure</li> <li>- Transaction 124 £1500 Hale Village Hall</li> </ul> <p>Transaction 53 for £1075 is for the purchase of a noticeboard by is supported by a hand written note on the back of an event flier.</p>	<p><i>confirmation of receipts to support donations.</i></p> <p><i>The council should secure a formal invoice as evidence from the supplier of the noticeboard for transaction 53</i></p>	
7	<p>Hotel accommodation costing £459 has been booked on Expedia for a course, however, only the Expedia receipt is provided and the VAT has been analysed as reclaimable in SCRIBE. Expedia is merely the agent and the hotel provides the services, therefore, the hotel should have been asked to provide the VAT invoice for</p>	<p><i>When using online agents to book hotels, VAT invoices should always be secured from hotels when checking out.</i></p>	

## INTERNAL AUDIT REPORT

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>FOLLOW UP</b>
	the supply. Without this invoice, the VAT will not be reclaimable.		
8	We could not locate any service level agreement (SLA) or contract with Williams Stephens for lengthsmen grounds maintenance works. It is not clear whether this a self-employment contract or whether this should be paid under an employment contract.	<i>A formal SLA should be established for grounds maintenance services if the service provision is from a business, rather than an individual who should be employed under an employment contract.</i>	
9	There is evidence that the council has not been paying creditors on a timely basis with the result that bailiffs had attended the premises due to long overdue water charges. In addition, transaction ref 158 incurred a late payment interest charge.	<i>Creditor payments should be made on a timely basis.</i>	
<b>AGAR internal control objective C – Adequate Risk Assessment</b>			
10	We could not identify in the minutes or the information provided for internal audit any adopted comprehensive risk assessment.	<i>A comprehensive risk assessment should be established and then reviewed, updated and approved each financial year.</i>	
11	Data protection risks:  We could not identify an annual payment for data protection registration to the ICO in the payments cash book. The council is a data controller and therefore must be	<i>The council need to urgently carry out a GDPR data audit and establish the required policies and procedures to help ensure compliance.</i>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>registered as such with the ICO. There is no evidence that any action has been taken to ensure compliance with the GDPR, for instance:</p> <ul style="list-style-type: none"> <li>- We could not identify an external and internal privacy notice</li> <li>- No data protection policy was adopted in 2018/19</li> <li>- No evidence that Subject Access Request and Data Breach procedures compliant with the GDPR had been adopted</li> <li>- No evidence data processing/sharing agreements have been established with relevant third parties</li> <li>- No evidence a document retention policy has been adopted</li> </ul>		
<p><b>AGAR internal control objective D – Precept request resulted from adequate budgetary process, regular budgetary control and appropriate levels of reserves held</b></p>			
12	<p>The budget set for the financial year does not take into account of ‘an amount that the council estimates will be appropriate to meet future estimated expenditure’ (ie to hold in reserves). This is a requirement of the Local Government Finance Act 1992.</p>	<p><i>The council should ensure when setting the precept that the budget requirement is calculated in accordance with the Local Government Finance Act 1992 by taking into account:</i></p>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
		<ul style="list-style-type: none"> <li>- <i>all expenditure estimated to be incurred in the year</i></li> <li>- <i>an allowance for unforeseen expenditure – this could be linked to a variation in inflation expectations</i></li> <li>- <i>an amount that the council estimates will be appropriate to meet future estimated expenditure (ie to hold in reserves or to replenish general reserves in accordance with a reserves policy)</i></li> <li>- <i>the amount estimated by the council to meet expenditure relating to previous financial years that has not already been provided for (creditors and accruals and other liabilities)</i></li> </ul>	
13	<p>The level of reserves has increased to £6235 from negative levels at the end of 2017/18, however, the levels are still lower than the sector guidance for local councils, which is between 25% and 100% of the precept or net operating expenditure.</p>	<p><i>General reserves should be replenished to at least the minimum levels recommended by sector guidance, ie 25% of the precept.</i></p>	
14	<p>There is no evidence of any budgetary control reporting and monitoring during the financial year. Considering the negative reserves position brought forward</p>	<p><i>Regular budgetary control reporting needs to be implemented promptly by the council.</i></p>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	we would have expected the council to be extra vigilant, with budgetary control monitoring carried out more regularly than normal due to the critically low levels of funds.		
<b>AGAR internal control objective E – Expected income fully received, correctly priced, recorded and promptly banked and VAT accounted for</b>			
15	<p>VAT issues:</p> <p>No VAT reclaims received during 2018/19 and no evidence a 2018/19 VAT return has been submitted to HMRC.</p> <p><b>VAT income of approximately £89k was reclaimed in 2017/18 but there was no evidence in the book and records presented for internal audit that the council had secured VAT advice as to whether any or all of the VAT was reclaimable. The VAT relates to the hall building and the hall primarily provides VAT exempt hall hire services which means there the partial exemption VAT threshold should be a consideration.</b></p>	<p><i>VAT reclaims should be submitted to HMRC on a timely basis.</i></p> <p><i>The council should request the SLCC specialist VAT adviser to review whether the council was able to reclaim some or all of the VAT associated with the hall building scheme.</i></p>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
<b>AGAR internal control objective G – Wages and salaries and members allowances paid in accordance with council approvals, and PAYE and NIC requirements properly applied</b>			
16	Information was provided to evidence that PAYE and NIC requirements had been properly applied and a payroll agent is used. However, we were informed by the acting clerk that salaries had in some cases not been paid on a timely basis during the financial year. We also identified documentation evidencing there had been late payment of payroll taxes due to HMRC in the year.	<i>Salaries should be paid on a timely basis and payroll taxes should be remitted to HMRC within deadlines.</i>	
<b>AGAR internal control objective H – Asset and investment registers complete and accurate and properly maintained</b>			
17	The value for fixed assets in the AGAR annual return is last year's figure. The fixed asset register provided only has values attached to some items and there is no total. A cast of the actual figures included does not agree to the fixed asset value included in the AGAR annual return	<i>The fixed asset register needs to be completed with values recorded against the assets listed, even if that value is £nil, and the correct asset figure included in the AGAR annual return.</i>	
18	The asset register is in WORD format and contains limited information to support effective management of the assets and accurate disclosures in the year end accounts: <ul style="list-style-type: none"> <li>• there is no date of acquisition</li> </ul>	<i>The asset register should be compiled in a spreadsheet with the headings as described included</i>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	<ul style="list-style-type: none"> <li>• disposals are not evidenced</li> <li>• custodian of the asset is not stated</li> <li>• the location of the asset is not provided</li> <li>• as the document is in WORD format it cannot be automatically cast as in a spreadsheet,</li> <li>• there has been no review of capital expenditure in 2018/19 to identify any additions (and disposals) for the asset register</li> </ul>	<p><i>Capital expenditure in 2018/19 should be reviewed to identify any additions. Items disposed of and obsolete items should be removed from the register at carrying value.</i></p>	
<p><b>AGAR internal control objective I – Periodic and year end bank reconciliations were properly carried out</b></p>			
19	<p>Although a year end bank reconciliation has recently been carried out in the SCRIBE accounting system, no complete and accurate bank reconciliations were carried out during the financial year and reported to council. The year end bank reconciliation balances to the SCRIBE system cash book, however, when we reviewed the SCRIBE transactions we identified a £15.31 unreconciled difference – see issue below.</p>	<p><i>Complete and accurate bank reconciliations should be prepared and presented to council regularly during the financial year.</i></p> <p><i>The £15.31 unreconciled difference (see issue below) should be investigated by council.</i></p>	
<p><b>AGAR internal control objective J – Accounting statements were prepared on correct accounting basis, agreed to cash book, and were supported by an adequate audit trail</b></p>			



## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
20	<p>There is an imbalance in the SCRIBE accounts as the final transaction of the year of £15.31 (transaction number 164) is described as an error adjustment and there is no voucher to support this 'expenditure'</p>	<p><i>The council should check every transaction recorded in SCRIBE against the bank statements to identify the error(s) that relate to the £15.31 unreconciled difference and make correcting adjustments.</i></p>	
<p><b>AGAR internal control objective M – the council met its responsibilities as sole trustee</b></p>			
21	<p>The village hall is owned by the council and a village hall committee has been established to manage the hall. The trust deed indicates the council are custodian trustees of the hall but appear to be acting currently as sole trustee as there are no non councilor trustees currently.</p> <p>In 2018/19 there have been no meetings of the trustees of the council and returns to the Charity Commission are overdue. The council manages the income and expenditure and bank account for the charity.</p> <p>The council authorises expenditure by the trust as part of council meetings. In addition, during the financial year the council paid for village hall payroll costs</p>	<p><i>The council need to ensure it is meeting its responsibilities as a trustee.</i></p>	

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
	and other costs due to a lack of funds in the village hall account.		
<b>Other Issues</b>			
22	Internal and external issues and recommendations reported previously have not been implemented.	<i>All internal and external audit reports should be presented to council and an action plan implemented on a timely basis in response to issues and recommendations raised.</i>	
23	A committee structure has been established but the acting clerk has been unable to locate all agenda and minutes for all council committee meetings. Record keeping of key council documents is therefore inadequate.	<i>A complete and accurate signed record of all council and committee meetings should be retained.</i>	
<p><b>IMPORTANT GUIDANCE NOTE</b></p> <p><b>INTERNAL AUDIT CERTIFICATE in the AGAR</b></p> <p>There is a new internal control objective (Objective L) in the 2018/19 internal audit certificate that requires internal audit to conclude on whether the Public Rights Notice during the <b>previous Summer</b> was compliant with the Regulations. This is pre-filled for 2018/19 but in order to test this and conclude YES or NO for the 2019/20 internal audit we would need to receive with the 2019/20 books and records:</p> <ul style="list-style-type: none"> <li>- A copy of the completed 2018/19 Notice of Public Rights and Publication of the Unaudited Annual Governance and Accountability Review</li> <li>- A dated photograph showing the first day of the Notice of Public Rights on the noticeboard and/or a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2018/19</li> </ul>			

## INTERNAL AUDIT REPORT

	ISSUE	RECOMMENDATION	FOLLOW UP
<p>Our approach to this new requirement will be to conclude NO if we have not received the above evidence and explain on the AGAR that we received insufficient evidence to be able to conclude YES; we would also conclude NO if the dates advertised were not compliant with the Regulations.</p> <p>This will be a new ongoing requirement for internal audit, as well as verifying whether certain smaller councils meet the exemption criteria from an external audit. Therefore, for the 2019/20 internal audits there will be additional time charged at a fixed fee of £9 + VAT per local council to complete the new requirements.</p>			