

Annual Governance and Accountability Return 2018/19 Part 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:
 - The annual internal audit report is completed by the authority's internal auditor.
 - Sections 1 and 2 are to be completed and approved by the authority.
 - Section 3 is completed by the external auditor and will be returned to the authority.
3. The authority must approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both must be approved and published before 1 July 2019.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, must return to the external auditor by email or post (not both):
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2019
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2018/19

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the review and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability Section 1, Section 2 and Section 3 – External Auditor Report and Certificate will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on a publicly accessible website:

Before 1 July 2019 authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- Section 1 - Annual Governance Statement 2018/19, approved and signed, page 4
- Section 2 - Accounting Statements 2018/19, approved and signed, page 5

Not later than 30 September 2019 authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 & 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

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.

Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

ENTER NAME Horningsham 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.	✓		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

has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.

*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:

30/05/2019

and recorded as minute reference:

MINUTE 19/1036

Chairman
Clerk

SIGNATURE REQUIRED
SIGNATURE



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

www.horningsham.org.uk

Annual Internal Audit Report 2018/19

EN Horningsham 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.	<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.			NO PETTY CASH SYSTEM IN OPERATION
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 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)			AUTHORITY DID NOT CERTIFY ITSELF AS EXEMPT
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
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> 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 28/05/19 Name of person who carried out the internal audit CV Lingard for and on behalf of Auditing Solutions Ltd

Signature of person who carried out the internal audit [Signature] Date 28/05/19

*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).

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *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 and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report if possible prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before returning it to the external auditor by email or post (not both).
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2018) equals the balance brought forward in the current year (Box 1 of 2019).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish 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 2019**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes been completed?	✓	
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?	✓	
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 provided?	✓	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Has an explanation of significant variations from last year to this year been provided?	✓	
	Has the bank reconciliation as at 31 March 2019 been reconciled to Box 8?	✓	
Sections 1 and 2	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.	N/A	

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

Section 2 – Accounting Statements 2018/19 for

Horningsham Parish Council

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	25501	29307	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.
2. (+) Precept or Rates and Levies	13072	13865	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.
3. (+) Total other receipts	1750	17344	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
4. (-) Staff costs	2832	3006	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
5. (-) Loan interest/capital repayments	N/A	N/A	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.
6. (-) All other payments	8155	13270	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
7. (=) Balances carried forward	29336	44240	Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).
8. Total value of cash and short term investments	29307	44240	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
9. Total fixed assets plus long term investments and assets	1931	3732	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.
10. Total borrowings	NIL	NIL	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.
			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.
		X	

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

SIGNATURE REQUIRED

30.05.2019

Date

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

30/05/2019

as recorded in minute reference:

MIMU 19/034

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

SIGNATURE REQUIRED

Section 3 – External Auditor Report and Certificate 2018/19

In respect of

Horringsham Parish Council

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2019; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2018/19

(Except for the matters reported below,* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with *Proper Practices* and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2018/19

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2019.

*We do not certify completion because:

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External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Bank reconciliation – pro forma

This reconciliation should include all bank and building society accounts, including short term investment accounts. It **must** column headed "Year ending 31 March 2019" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts are receipts and payments basis. Please complete the highlighted boxes, remembering that un-presented cheques should be entered in figures.

Name of smaller authority:

Horningsham Parish Council

County area (local councils and parish meetings only):

Wiltshire

Financial year ending 31 March 2019

Prepared by (Name and Role):

Sarah Jeffries PSLCC Responsible Finance Officer

Date:

08.05.19

Balance per bank statements as at 31/3/19:

account 1

44,507.4

£

£

[add more accounts if necessary]

[Redacted area]

[Redacted area]

44,507.4

Petty cash float (if applicable)

Less: any un-presented cheques as at 31/3/19 (enter these as negative numbers)

item 1
item 2
item 3

(8.00)
(6.67)
(252.20)

[add more lines if necessary]

[Redacted area]

[Redacted area]

Add: any un-banked cash as at 31/3/19

[Redacted area]

[Redacted area]

(266.87)

Net balances as at 31/3/19 (Box 8)

44,240.6

Explanation of variances – pro forma

Name of smaller authority: **Horningsham Parish Council**

County area (local councils and **Wiltshire**)

Insert figures from Section 1 of the AGAR 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).

	2017/18 £	2018/19 £	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	25,501	29,307					
2 Precept or Rates and Levies	13,072	13,665	793	6.07%	NO		
3 Total Other Receipts	1,750	17,344	15,594	891.09%	YES		£3600.00 J Worsley Donatioan £1000.00
4 Staff Costs	2,832	3,006	174	6.14%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	3,155	13,270	5,115	62.72%	YES		payments
7 Balances Carried Forward	29,336	44,240			YES	VARIANCE EXPLANATION NOT REQUIRED EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL TAXATION/LEVIES	
8 Total Cash and Short Term Investments	29,307	44,240				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	1,831	3,732	1,801	93.27%	YES		Defibrilator purchased £1800
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

Explanation for 'high' reserves

(Please complete the highlighted boxes.)

Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the y

Earmarked reserves:

	£	£	£
Play area	32928		
Tennis court fencing	3000		
Bench Seat	600		
Risk & Contingencies	4500		
Election Expenses	1500		
Youth Club	1694		
	<u>44222</u>		

General reserve

Total reserves (must agree to Box 7)

	<u>0</u>		
		<u>44222</u>	

Smaller authority name: **Horningsham Parish Council**

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION
OF UNAUDITED ANNUAL GOVERNANCE &
ACCOUNTABILITY RETURN
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

Local Audit and Accountability Act 2014 Sections 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)

NOTICE

NOTES

<p>1. Date of announcement <u>30th May 2019</u> (a)</p> <p>2. Each year the smaller authority's Annual Governance and Accountability Return (AGAR) needs to be reviewed by an external auditor appointed by Smaller Authorities' Audit Appointments Ltd. The unaudited AGAR has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2019, these documents will be available on reasonable notice by application to:</p> <p>(b) Sarah Jeffries PSLCC 9 beech grove Warminster Wiltshire BA12 0AB 01985213436 horningsham@virginmedia.com</p> <p>commencing on (c) <u>Monday 17 June 2019</u></p> <p>and ending on (d) <u>Friday 26 July 2019</u></p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none"> • The opportunity to question the appointed auditor about the accounting records; and • The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority. <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The smaller authority's AGAR is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <p align="center">PKF Littlejohn LLP (Ref: SBA Team) 1 Westferry Circus Canary Wharf London E14 4HD (sba@pkf-littlejohn.com)</p> <p>5. This announcement is made by (e) Sarah Jeffries PSLCC Responsible Finance Officer</p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>
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Horningsham Parish Council

Internal Audit Report 2018-19

Claire Lingard
Consultant Auditor

For and on behalf of
Auditing Solutions Ltd

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Return.

This report sets out the work undertaken in relation to the 2018-19 financial year, which took place on the 28th May 2019.

Internal Audit Approach

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' as part of the Council's Annual Governance and Accountability Return (AGAR) process, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

Based on the satisfactory completion of our programme of work for the year, we have concluded that the Council has, again maintained adequate and effective internal control arrangements. We are pleased to report that there are only two issues arising this year warranting formal comment and none warranting any recommendation.

We understand that the 2018-19 financial year has been a challenging one for the Clerk who suffered a serious injury, necessitating an absence of leave and who in the process of recovery. We take this opportunity to acknowledge the exemplary quality of records maintained by the Clerk. We thank her for her assistance during the Internal audit review which has ensured the smooth progress of our review process.

We have completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has maintained the Council's accounting records using Excel spreadsheets, which we consider generally adequate in view of the number of annual transactions. The Council maintained one bank account with the Unity Trust Bank with all payments being made electronically.

We have checked and agreed the spreadsheet detail in full to the relevant statements for the full financial year, also verifying the accuracy of the year-end cashbook / bank reconciliation ensuring that no long-standing uncleared cheques or other anomalous entries exist. We have consequently verified the accurate disclosure of the year-end balance in the Annual Return.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Review of Corporate Governance

We have examined the content of the Standing Orders (SOs) and Financial Regulations (FRs), both of which have been reviewed and were re-adopted formally at the meeting of the Full Council in May 2018. We have examined the content of the extant SOs and FRs and consider them appropriate for the Council's present needs.

We have completed our review of the Council's minutes for the current year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability and are pleased to record that no such items appear to exist at present. Noting that the General Power of Competence was readopted at the meeting of the Full Council in May 2018.

We note that the Council received an Unqualified External Auditor's report for the 2017-18 Financial Year.

Finally, in this area of our review, we note that the project to upgrade the Playground was delayed by two months due to the severe Winter weather experienced during February and March 2018.

Conclusion

During our review of the Council's minutes we have noted that, on a number of occasions, members have chosen to overrule the advice given by the Councils Clerk. Whereas Members may resolve to follow a different course of action than the one the Clerk advises, Members are strongly advised to consider the potential consequences, both legal and financial of doing so.

Review of Payments

We have examined the controls in place over the approval of payments for release and consider them sound.

We have reviewed all payments made during the year to ensure that the following criteria were met: -

- Payments were supported by a trade invoice or acknowledgement of receipt;
- VAT has been calculated correctly and is recovered at appropriate intervals;
- The members at a Council meeting approved each payment;
- There was clear evidence of approval by members on each payment document;
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts; and,
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Assessment and Management of Risk

We are pleased to note that the Council reviewed and formally re-adopted its Risk Assessment documentation for the financial year.

The Council's insurance cover for FY 2018-19 was arranged by Came & Co., and underwritten by Axa on a three-year deal concluding in the 2020-21 financial year. We have examined the insurance schedule for the 2018-19 financial year with Public and Employer's Liability cover both in place at £10 million, Hirers liability at £5 million, Officials indemnity at £500,000, Fidelity Guarantee at £500,000, Liable & Slander at £500k and Employee dishonesty at £150K, all of which we consider appropriate for the Council's present needs.

Finally, in this area of our review we note that the new Playground / Playground upgrade project was delayed due to the severe Winter weather conditions in February and March 2018. We note that the Clerk has already developed a detailed Playground management policy, associated Risk Analyses and Inspection forms and inspection and reporting protocols are already in place.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Budgetary Control and Reserves

The Council's minutes, together with the supporting papers provided to Council indicate that members undertook a robust Budget setting and Precept determination process, and considered and approved the 2019-20 Budget and Precept, setting the latter at £15,303 (£13,865.40 prior year)⁹ in the January 2018 meeting of the Full Council. We are also pleased to note that Councillors continue to receive regular income and expenditure reports along with the bank balance detail at each meeting.

Overall reserves as at 31st March 2019 have increased significantly to £44,241 (£29,307 prior year) with Earmarked reserves of £2,193.87 leaving a General Reserve fund of £42,046, which

equates approximately 31 months' revenue spending at the 2018-19 level, sitting significantly above the generally recognised CIPFA guideline of between three and six months' revenue spending when the additional expenditure requirements.

Conclusion

Although the level of retained General Reserves appears initially excessive, this is due to the delay in completion and billing of the works in relation to the new Playground at Horningsham Village Hall due to the adverse Winter weather conditions during February/ March 2018 which delayed the project by approximately two months. Therefore, the invoice in the amount of £32,928.02 was not received until the beginning of FY 2019-20.

Had the invoice arrived as per the Council's budget the year end General Reserve would have been reduced to £9,117.98 delivering 6.7 months revenue spending at FY 18-19 level. Sitting only slightly above the CIPFA guidance of between 3, and 6 months reserves being maintained. Resultantly, there are no issues arising in this area of our review warranting recommendation.

Review of Income

The Council receives only limited income, mainly from the annual precept, Council Tax Support Grant and VAT recovered. We have reviewed the year's bank statements and other available supporting documentation agreeing detail to the cashbooks.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Petty Cash Account

The Council's policy is not to maintain any form of cash float with any out-of-pocket expenses incurred reclaimed and paid in line with normal trader payment procedures. Resultantly, there are no issues arising in this area of our review warranting formal comment or recommendation.

Salaries and Wages

We have, as in previous years, checked the basis of the clerk's salary payments for the year, together with relevant tax deductions, which are paid over to HMRC accordingly with no issues identified.

We note that the Clerk received a formal appraisal during the Budget setting and Precept determination process and resultantly was granted a pay award for FY 201819 which increased her SCP to 24, effective from the 1st April 2018.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Fixed Asset Register

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We are pleased to note compliance with this requirement, the Clerk maintaining an appropriate register with values identified both at cost price, or where unknown, at the best approximation thereto, together with the annually uplifted insurance value to assist with budgetary planning for future replacements.

We note that the Asset Register has been reviewed during the 2018-19 financial year and the revised value of £3,732 has been correctly reported in the Annual Return at Box 9 of Section 2.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Investments and Loans

It is noted that council continues to maintain a single current account with the Unity Trust Bank. There are no surplus funds available for investments.

The Council has no loans either repayable by, or to it, as at the 31st March 2019.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Statement of Accounts and Annual Governance and Accountability Return

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now in the form of the Annual Governance and Accountability Return at Section 2, which is, together with the Annual Governance Statement at Section 1, subject to independent external audit examination and certification.

As part of our review process, we have examined the Council's procedures in relation to the identification of detail for inclusion in Section 2 of the Return, which is produced using Microsoft Excel spreadsheets, and used by the Clerk & RFO to provide the accounting statements. We have agreed detail therein to Section 2 of the 2018-19 Annual Governance and Accountability Return.

Conclusions

We are pleased to record that no issues arise in this area and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Report in the year's Annual Governance and Accountability Return assigning positive assurances in all areas.

Contact details

/rear end:

Name of smaller authority: **Horningsham Parish Council**

County Area (local councils and parish meetings only): **Wiltshire**

Please complete this form and send it back to us with the AGAR or exemption certificate

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