

# Annual Internal Audit Report 2021/22

Defford & Besford Parish Council

<https://defford-besfordparishcouncil.co.uk>

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")	✓		
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.			

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

Name of person who carried out the internal audit

12/06/2022 DD/MM/YYYY DD/MM/YYYY

PETER M DANN FICA AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

13/06/2022

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

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



## Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

Defford & Besford 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 2022, 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:

23/06/2022

and recorded as minute reference:

2022/09 MINUTE REFERENCE Finance (b)

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

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

<https://defford-besfordparishcouncil.co.uk>



## Section 2 – Accounting Statements 2021/22 for

### Defford & Besford Parish Council

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	
1. Balances brought forward	20,023	29,759	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	10,000	15,000	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	13,090	22,412	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	4,551	4,638	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	8,803	42,408	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	29,759	20,125	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	29,759	20,125	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	34,658	48,887	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	N/A 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 2022 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

Date

01/06/2022

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

23/06/2022

as recorded in minute reference:

2022/09 MINUTE REFERENCE (c)

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

SIGNATURE REQUIRED



## Section 3 – External Auditor’s Report and Certificate 2021/22

In respect of

Defford & Besford Pariswh Council  
ENTER NAME OF AUTHORITY

### 1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

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 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

### 2 External auditor’s limited assurance opinion 2021/22

(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 2021/22

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 2022.

\*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

Risk Scenario	Severity	Probability	Mitigating Actions taken to date	Further Mitigating Actions to be taken
<p>That the Parish Council's decisions are unlawful or lack propriety.</p>	<p>Low</p>	<p>Low</p>	<p>a) Councillors keep themselves aware of their responsibilities and authority by appropriate training, reading and consultation.                      b) Councillors follow the Code of Conduct adopted 22<sup>nd</sup> January 2020                      c) All decisions are reached, and actions approved, at Council                      d) Appropriate advice is obtained from Local Authority Staff and representatives when required.</p>	<p>None</p>
<p>That the Parish Council's assets, in particular its financial assets, not safeguarded.</p>	<p>Low</p>	<p>Low</p>	<p>Proper financial Internal Controls are in place, in particular:                      a) Proper Books of Account are kept by the Clerk.                      b) All significant transactions are made through a single Bank Account, Paragraphs a and b also apply separately to the books and bank account of the Playground Account.                      c) Payments are made by cheque, which are only valid when signed by two people: any two Councillors..                      d) At each Council Meeting the Clerk presents an up-to-date statement of the financial affairs of the Council                      e) Annual Accounts for the whole Council are drawn up, publicised and approved, as soon as practicable after the end of the financial year.</p>	<p>None</p>
<p>That the Parish Council held liable to others in the case of death, injury or damage, particularly:                      a) In connection with the playground, and                      b) when running or supporting public events.</p>	<p>High</p>	<p>Low</p>	<p>a) Appropriate advice is obtained from Local Authority Staff and representatives when required.                      b) the Parish Council holds Public Liability and Employers Liability insurance to cover loss in respect of the Council's assets, and death, injury or damage for which the Council is responsible - and to pay relevant legal expenses. ELI cover extends to those volunteering on behalf of the Parish Council                      c) Regular and documented inspections (including an annual independent ROSPA inspection) are made of the playground, and prompt action is taken to deal with potential dangers.                      d) Lengthsman's work periodically reviewed and priorities agreed</p>	<p>Re b) ensure that terms of PLI/ELI insurance are observed e.g. register of volunteers for specific events and restrictions on activity complied with.</p>



## DEFFORD & BESFORD PARISH COUNCIL – LENGTHSMAN RISK ASSESSMENT

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the Parish Council to identify any and all potential inherent risks. The Parish Council, based on a recorded assessment, will take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible. This document has been produced to enable the Parish Council to assess the risks that its Lengthsman Contractor faces and satisfy itself that it has taken adequate steps to minimise them.

Subject	Risk(s) identified	H/M/L	Management/control of Risk	Review/Assess/Revise
Working on or near Highway	Slips, trips, falls Collision with motor vehicles	L L	Ensure correct PPE worn and in good condition. Appropriate footwear. Hi Viz jacket to be worn. Vehicle parked at suitable position and road warning signs positioned at suitable locations. Work to be carried out only on highways conforming with WCC guidance.	Regular training with WCC Highways
Use of Power Tools	Injury to self and public.	L	Correct PPE to be worn when operating power tools. Appropriate training to have taken place as necessary. Warning signs positioned at suitable locations.	Regular training with WCC Highways
Competency	Inappropriate actions.	L	Regular training with WCC Highways Department.	Review with annual contract for services.
Covid 19	Health and well being of Lengthsman and/or general public compromised by transference of virus.	L	Ensure Lengthsman is lone working. Only essential tasks to be performed. Ensure social distancing takes place. If deemed appropriate additional PPE to be worn – face masks, eye protectors, nitrile gloves (or alternative). No contact to be made with members of the public. If hand washing facilities are not available then hand sanitizers should be use as appropriate. If Lengthsman becomes unwell with a new continuous cough or a high temperature they must self isolate immediately and notify the Clerk who will undertake an assessment of any further action required to ensure public safety. Ensure the Lengthsman advises someone where he is working and when works are finished.	Re assess when government advice on dealing with virus alters.
Insurance	Claims	L	Ensure Lengthsman has appropriate Public Liability Insurance	Review with annual contract for services.

## Bank reconciliation – pro forma

This reconciliation should include all bank and building society accounts, including short term investment accounts. It must agree to the 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 reconciling basis. Please complete the highlighted boxes, remembering that unpresented cheques should be entered as negative figures.

Name of smaller authority:

County area (local councils and parish meetings only):

### Financial year ending 31 March 2022

Prepared by (Name and Role):

Date:

<b>Balance per bank statements as at 31/3/22:</b>	£	£
Business Account	<input type="text" value="16259.05"/>	
Playground Account	<input type="text" value="4056.71"/>	
		20315.76

Petty cash float (if applicable)  £

Less: any unpresented cheques as at 31/3/2022 (enter these as negative numbers)

Cheque 1276	-144.00
Cheque 1279	-36.00
Cheque 1281	-12.00
	<hr/>
	-192.00

Add: any un-banked cash as at 31/3/2022

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**Net balances as at 31/3/2022 (Box 8)** 20123.76

## ASSET REGISTER 2021 / 22

8 x benches: Spring Bank, Defford; Village Hall, Defford; 5 x Millennium Green	523.75
8 x street lights	2911.84
Land off Harpley Road - currently used as car park	5685.45
Land off Church Lane known as Millennium Green	
2 x bus shelters	5604.65
Vehicle height restriction - Harpley Road	1320.64
Set of goal posts at Millennium Green	250.00
Timber team swing and play surfacing - Millennium Green	3195.00
New play equipment	5190.02
Climbing Frame - Millenium Green	13459.00
Picnic Tables - Millennium Green	770.00
War Memorial - Church Lane	4151.95
Domesday Book (Worcs)	205.99
Archive materials: letters, post cards, photo, typewriters, model railway carriages	1116.69
Display case for archive materials	200.00
General litter bins	1950.00
3 x dog waste bins (2 new ones)	1316.00
1 x parish grit bin next to Vicarage Cottage, Harpley Road	131.00
2 x notice boards	903.00
2 X phone boxes	2.00
Village Hall Car Park	
<b>TOTAL</b>	<b>Unable to Value</b>
	<b>48886.98</b>



## Explanation of variances – pro forma

Name of smaller authority: **Defford & Becliff Parish Council**  
County area (local councils and parish meetings only):

Insert figures from Section 2 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);
- New from 2020/21 onwards: variances of £100,000 or more require explanation regardless of the % variation year on year;
- 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).

	2020/21 £	2021/22 £	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	20,023	28,759					
2 Precept or Rates and Levies	10,000	15,000	5,000	50.00%	YES		
3 Total Other Receipts	13,090	22,412	9,322	71.21%	YES		
4 Staff Costs	4,551	4,638	87	1.91%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	8,803	42,408	33,605	381.74%	YES		Precept was increased 2021/22 to enable emergency repairs to church wall to be carried out - increase of £5000 on previous year  2021/22 - £6802 received S106 funds and £8273 New Homes Bonus for new play equipment / Western Power Refund £396. VAT on extra expenditure repaid 2021/22: £5352. 2020/21 CIL Grant received of £9659
7 Balances Carried Forward	29,759	20,125			NO	VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	29,759	18,827				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	34,658	48,887	14,229	41.06%	YES		2021/22: Church Wall Repairs - £13549 / Play Equipment - £13549 / VAT on church wall / play equip. Expenditure - £5808 / Western Power Street Lighting £396 (refunded). 2020/21 Grass Cutting - additional £665
10 Total Borrowings	0	0	0	0.00%	NO		2021/22: New Play Equipment/ Tables - £14,229

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable