

# ERMINGTON 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.	✓		
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.	—	—	NOT USED
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 and year-end bank account reconciliations were properly carried out.	✓		
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 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 ✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

G+H PAYE PROCESS TO BE REVIEWED. ASSET REGISTER TO BE UPDATED.

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

23/05/19

AUSON MARSHALL

Signature of person who carried out the internal audit

Date 24/05/19

\*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).



# Alison Marshall - Local Council Administration Services

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To: Ermington Parish Council

Date: 24<sup>th</sup> May 2019

## Internal Audit Report 2018/2019 for Ermington Parish Council

All Councils are required to implement an annual independent Internal Audit examination of its accounts, accounting processes and internal controls. The aim of the Internal Audit is to conclude as to whether a Councils systems of financial and other internal controls are adequate and effective. Testing has been carried out using a sampling system as deemed appropriate for the size of the Council.

This report details the results of the May 2019 Internal Audit which has been carried out in accordance with the requirements as detailed within the Governance and Accountability Practitioners Guide. The report also provides recommendations for the improvement of internal processes and a general summary for Council consideration.

## Standard Documentation

- The Council has tested internal control systems regularly.
- The Financial Regulations were adopted in 2017 and appear to be in order.
- The Standing Orders were adopted in 2018 and appear to be in order other than the statutory requirements are not highlighted in bold as is required. I recommend that the document is amended accordingly as the statutory requirements are highlighted as a reminder that they cannot be altered.
- A Code of Conduct, adopted in 2017, is in place and is in order.
- The Transparency Code does not apply due to the Councils annual turnover being above £25,000.
- The Website is in order.
- Following the recent elections the Council will need to look to gain full membership as soon as possible.

## Public Funds

- Payment controls are in place and the Council oversees all payments regularly.
- Purchase and payment documentation cross checked to the Accounts was found to be in order.
- VAT requirements have been adhered to and the records are in order.
- Petty Cash – not held. Borrowing – none. Trusts – not applicable.
- The Accounts are kept up to date and are in order. There is a separate column for Section 137 spending, as is required, and this spending appears to be in order.
- The Accounts record the Receipts and Payments method as is required.
- A Grant Giving Policy is not in place and I recommend that this is considered.
- A Training Policy is not in place and I recommend that this is considered.
- 'Other' income, such as from the Reading Room, has been accounted for correctly.

## Risk Management and Budget Control

- A general Risk Management Document is in place but requires attention and I recommend that this document is reviewed as soon as possible.
- There is no Statement of Internal Control and I recommend that one is put in place.
- The annual general Insurance policy has been regularly reviewed and is in order.



- The latest annual budget document, as referred to in the February 2019 Minutes, is in good order.
- The annual Precept has been set, by Full Council as is required, at the February 2019 meeting and the Minutes reflect the situation well.
- Reserves have been well documented considering the funds being held for the new Village Hall.
- IT and Website backup is completed regularly and a copy of laptop documents is kept off site.
- Meeting Agendas are in order and Councillors are correctly 'summonsed' to full meetings.
- Meeting Minutes are in order and record decisions appropriately.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- The 2018 General Data Protection Regulations update has been adhered to and a Privacy Notice is in place. A Publication Scheme and a Complaints Policy are not in place and I recommend that these documents are considered as soon as possible.
- A Finance Committee is in place but no Terms of Reference was available to view. If no decisions are made at such meetings a working group could be considered which would not require Agendas, Minutes, or meetings open to the public. A Committee meeting must follow the same rules as a full Parish Council meeting.

### Employment

- There are two employees, the Clerk and the Caretaker, and Contracts of Employment are in place. I note that the Clerks Contract states that 'no annual leave' is available which is highly unusual as all employees are entitled to leave. I recommend that this matter is reviewed as soon as possible.
- PAYE is outsourced to the District Council for the Clerk but not for the Caretaker. As an employee of the Council the Caretaker must be paid through the PAYE system and I recommend that this matter is addressed as soon as possible. I have marked the AGAR Internal Report accordingly.
- Pensions - not applicable.

### Asset Control

- The Councils Asset and Investment Register has recently been reviewed but is in need of further attention. There are no acquisition costs or dates in place and no reference to where each item is within the parish. It would also appear that the current insurance value has been applied, which is not a form of valuation known to be used on this document. The Reading Rooms, which I understand were gifted, should be listed as £1. I recommend that the document is reviewed, at the Councils earliest convenience, along with the relevant pages supplied from the Practitioners Guide. Any adjustments should be recorded on the Annual Return sheet and an explanation should be provided. I have marked the AGAR Internal Audit Report accordingly.

### Banking and Bank Reconciliations

- Bank reconciliations are currently produced half yearly but a non-specific template is used. I recommend that the External Auditors template is used and that reconciliations are produced at least quarterly, as would be expected, and that they are checked and signed by a member of the Council.
- Authorised signature numbers are currently being reviewed following the May elections.
- Internet banking is not used. The existing banking processes appears to be in order.
- It would appear that the majority of the Councils reserve funds are kept in a current account, gaining no interest, and I recommend that, if this is the case, a transfer to an interest bearing account takes place.

### Year End

- The completed 2017/2018 External Auditors Certificate noted an issue with the date of Public Rights which the Clerk has acknowledged. Boxes 7 and 8 of the Section 2 Accounting Statement differed, which is unusual, and I understand that this has now been addressed.

- The year-end documents, to 31<sup>st</sup> March 2019, are being prepared and the Clerk has confirmed full understanding of the Audit requirements.

### Summary

I can report that, within the areas checked, it is my opinion that Ermington Parish Council has some good systems of internal control in place so as to support the lowering of risk to the Council. There are, however, a few areas which require immediate attention and these have been highlighted within this report. I recommend that the Council takes time to consider the highlighted areas which have been provided to support future risk and internal control management.

A handwritten signature in black ink, appearing to be 'Alison Marshall', written over a horizontal line.



## Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<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:

14 May 2019

and recorded as minute reference:

11/19

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

Chairman

Clerk

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

www.ermingtonparish.com



# Section 2 – Accounting Statements 2018/19 for

## ERMINGTON PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	79,659	91,971.44	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	24,028	25,299	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	2449	2982.88	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	6349	6466	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.
5. (-) Loan interest/capital repayments	NIL	NIL	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	7815	12,449.29	Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	91,971	101,338.03	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	91,971	101,338.03	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	284,673	292,531.91	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
		✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 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

T.M. Drew

04/06/19

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

as recorded in minute reference:

31/19

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

5-04/06/19.

## Bank reconciliation – pro forma

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

Name of smaller authority:

Ermington Parish Council

County area (local councils and parish meetings only):

South Hams

Financial year ending 31 March 2019

Prepared by (Name and Role):

Teresa Drew - Parish Clerk/RFO

Date:

22/05/2019

	£	£
<b>Balance per bank statements as at 31/3/19:</b>		
account 1	8,895.28	
account 2	92,442.75	
		101,338.03
Petty cash float (if applicable)		-
Less: any unpresented cheques as at 31/3/19 (enter these as negative numbers)		
N/A		-
Add: any un-banked cash as at 31/3/19		
N/A		-
<b>Net balances as at 31/3/19 (Box 8)</b>		<b>101,338.03</b>



## Section 3 – External Auditor Report and Certificate 2018/19

In respect of

Ermington Parish Council - DV0150

### 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 (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR 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.

The smaller authority has disclosed that it made proper provision during the year 2018/19 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this assertion. It has also disclosed that it took appropriate action on all matters raised in reports from internal and external audit, by answering 'Yes' to Section 1, Assertion 7, which, on the basis of the above, is not correct.

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

In the completion of the Annual Internal Audit Report, the internal auditor has drawn attention to significant weaknesses in relation to salaries and the fixed asset register. The smaller authority has confirmed that action has been taken to address these areas of weakness since the year end.

### 3 External auditor certificate 2018/19

We 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.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

10/09/2019

\* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))



Smaller authority name: **Ermington Parish Council**

Displayed:  
- Reading Rooms  
- 3 noticeboards  
- web site

**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><b>1. Date of announcement</b>      <b>24 May 2019</b></p> <p><b>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.</b></p> <p><b>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:</b></p> <p>(b) Mrs T Drew Parish Clerk, Orchard Barn, Higher Keaton, Ermington, Ivybridge, PL21 0LB Telephone: 01752 893691 Email: ermingtonparishclerk@gmail.com</p> <p>commencing on (c) <u>Monday 17 June 2019</u> and ending on (d) <u>Friday 26 July 2019</u></p> <p><b>3. Local government electors and their representatives also have:</b></p> <ul style="list-style-type: none"><li>• The opportunity to question the appointed auditor about the accounting records; and</li><li>• 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.</li></ul> <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p><b>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:</b></p> <p><b>PKF Littlejohn LLP (Ref: SBA Team)</b> <b>1 Westferry Circus</b> <b>Canary Wharf</b> <b>London E14 4HD</b> <b>(sba@pkf-littlejohn.com)</b></p> <p><b>5. This announcement is made by (e) Teresa Drew – Parish Clerk</b></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>

## Ermington Parish Council

### Notice of conclusion of audit

#### Annual Governance & Accountability Return for the year ended 31 March 2019

Sections 20(2) and 25 of the Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015 (SI 2015/234)

	Notes
1. The audit of accounts for <b>Ermington Parish Council</b> for the year ended 31 March 2019 has been completed and the accounts have been published.	This notice and Sections 1, 2 & 3 of the AGAR must be published by 30 September. <b>This must include publication on the smaller authority's website.</b>
2. The Annual Governance & Accountability Return is available for inspection by any local government elector of the area of <b>Ermington Parish Council</b> on application to:  (a) <u>Teresa Drew - Parish Clerk</u> <u>Orchard Barn, Ermington</u> <u>ermingtonparishclerk@gmail.com</u>  (b) <u>2 - 5pm = Monday - Friday</u>	(a) Insert the name, position and address of the person to whom local government electors should apply to inspect the AGAR  (b) Insert the hours during which inspection rights may be exercised
3. Copies will be provided to any person on payment of £ <u>5.00</u> (c) for each copy of the Annual Governance & Accountability Return.	(c) Insert a reasonable sum for copying costs
Announcement made by: (d) <u>Teresa Drew - Parish Clerk</u>	(d) Insert the name and position of person placing the notice
Date of announcement: (e) <u>12 September 2019</u>	(e) Insert the date of placing of the notice