

Winkleigh Parish Council needs to have appropriate evidence to support a ‘Yes’ answer to an assertion, for example a reference in a set of formal minutes. If an authority is not able to respond ‘Yes’ to any assertion, it needs to provide an explanation to the external auditor on a separate sheet describing how the authority will address the weaknesses identified. These explanations must be published along with the completed AGAR.

The annual internal report will inform the authority’s response to assertions 2 and 6 in the annual governance statement (IA report attached at bottom of this document for reference)

**Section 1 – ANNUAL GOVERNANCE STATEMENT of AGAR 2019/20
THE JOINT PANEL OF ANNUAL GOVERNANCE AND ACCOUNTABILITY (JPAG)**

ASSERTION 1

We have put in place arrangements for the effective financial management during the year, and for the preparation of the accounting statements in accordance with the Accounts and Audit Regulations

To warrant a positive response to this assertion, JPAG require that the following processes need to be in place and effective

- i) The Council needs to prepare and approve a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year. It needs to monitor actual performance against its budget during the year, taking corrective action where necessary.
- ii) A financial appraisal needs to be undertaken before the council commences any significant project or enters into any long-term commitments.
- iii) Appointment of an officer to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972.
- iv) The authority needs to have satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged their duties under Regulation 4 of the Accounts and Audit Regulations 2015
- v) The RFO needs to have put in place effective procedures to accurately and promptly record all financial transactions and maintain up to date accounting records throughout the year, together with all necessary supporting information.
- vi) The accounting statements in Section 2 of the Annual Governance and Accountability Return need to agree to the underlying records.
- vii) Bank reconciliation — Statements reconciling each of the authority’s bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority.
- viii) Statement of accounts — The authority needs to ensure that arrangements are in place to enable preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.

CLERKS/RFO Comments/Observations

- i) *The council have set and agreed a budget in 2019-20 for 2020-21 prior to approving the precept demand, the budget year to date is provided to council at each meeting*
- ii) *The council have not undertaken any significant projects in the financial year audited*
- iii) *An RFO (Clerk) has been appointed*
- iv) *The RFO has procedures in place to ensure the correct recording of all financial transactions. Bank reconciliations are produced monthly*
- v) *The RFO has adequate procedures to record all financial transactions and accounting records are maintained throughout the year*
- vi) *The total asset figure is correct and correctly recorded. Cllrs carry out an annual asset inspection*
- vii) *Bank reconciliations are produced monthly, checked and signed by the Chair and Minuted*
- viii) *The annual accounts are prepared, approved and published in the correct timeframe and format*
- ix) *The Council have a General Reserves Policy*

ix) Reserves — The authority needs to have regard to the need to put in place a General Reserve Policy and have reviewed the level and purpose of all Earmarked Reserves.

ASSERTION 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)

In order to warrant a positive response to this assertion, JPAG require that the following processes need to be in place and effective:

- i) The Council needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the manner in which tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.
- ii) Safe and Efficient Arrangements to Safeguard Public Money. Practical and resilient arrangements need to exist covering how the authority orders goods and services, incurs liabilities, manages debtors, makes payments and handles receipts. Authorities need to have in place safe and efficient arrangements to safeguard public money.
- iii) Authorities need to review regularly the effectiveness of their arrangements to protect money. Every authority needs to arrange for the proper administration of its financial affairs and ensure that one of its officers (the RFO) has formal responsibility for those affairs
- iv) Authorities need to ensure controls over money are embedded in Standing Orders and Financial Regulations. Section 150(5) of the Local Government Act 1972 required cheques or orders for payment to be signed by two elected members (Cheques).
- v) Authorities need to approve the setting up of, and any changes to, accounts with banks or other financial institutions. Authorities also need to approve any decisions to enter into 'pooling' or 'sweep' arrangements whereby the bank periodically aggregates the authority's various balances via automatic transfers.
- vi) If held, corporate credit card accounts need to have defined limits and be cleared monthly by direct debit from the main bank account. Credit card balances are not acceptable reconciling items for bank reconciliation purposes.
- vii) The authority needs to approve every bank mandate, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.
- viii) Risk assessment and internal controls need to focus on the safety of the authority's assets, particularly money. Those with direct responsibility for money need to undertake appropriate training from time to time.
- ix) Employment — The remuneration payable to all employees needs to be approved in advance by the authority. In addition to having robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities, the authority needs to ensure that it has complied with its duties under employment legislation and has met its pension obligations.
- x) VAT — The authority needs to have robust arrangements in place for handling its responsibilities with regard to VAT.
- xi) Fixed Assets and Equipment — The authority's assets need to be secured, properly maintained and efficiently managed. Appropriate procedures need to be followed for any asset disposal and for the use of any resulting capital receipt.
- xii) Loans and long-term liabilities — Authorities need to ensure that any loan or similar commitment is only entered into after the authority is satisfied that it can be afforded and that relevant approvals have been obtained.

CLERK/RFO Comments/Observations

- i) *The Council have Standing Orders and Financial Regulations in place which do incorporate the manner in which tenders are invited and reviewed annually (Last review May 2020)*
- ii) *The Council adhere to their Financial Regulations and Standing Orders with regards to the authority to order goods and services and the Powers are Minuted*
- iii) *The Council have arrangements for financial inspections throughout the year and RFO has formal responsibility for all financial matters*
- iv) *All payments and invoices are signed by 2 signatories which is embedded within Standing Orders and Financial Regulations Budget provision is reviewed at least quarterly*
- v) *No issues – rarely exercised*
- vi) *Not applicable*
- vii) *Due to number of vacancies and turnover of Cllrs, the current signatories of 4 is deemed adequate*
- viii) *The Councils risk assessment is annually reviewed, and new risks are brought to the council as they arise by the Clerk*
- ix) *The RFO runs payroll and no issues were detected. The councils have policies in place regarding its duties as an employer*
- x) *VAT is separately recorded and reclaimed quarterly and Minuted*
- xi) *All council assets are managed by the Clerk and inspected annually by Councillors with an appropriate asset budget*
- xii) *Not applicable*

<p>Proper arrangements need to be in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities.</p> <p>xiii) Review of effectiveness — Regulation 6 of the Accounts and Audit Regulations 2015 requires the authority to conduct each financial year a review of the effectiveness of the system of internal control. The review needs to inform the authority’s preparation of its annual governance statement.</p>	<p><i>xiii) The Council have a policy of internal control which is reviewed immediately following internal and external audit reports and prior to approving the Annual Governance Statement</i></p>
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ASSERTION 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*)

<p>In order to warrant a positive response to this assertion, JPAG require that the following processes need to be in place and effective:</p> <p>i) Acting within its powers — All authorities’ actions are controlled by statute. Therefore, appropriate decision-making processes need to be in place to ensure that all activities undertaken fall within an authority’s powers to act. In particular authorities need to have robust procedures in place to prevent any decisions or payments being made that are ultra vires, i.e. that the authority does not have the lawful power to make. The exercise of legal powers needs always to be carried out reasonably. For that reason, authorities making decisions need always to understand the power(s) they are exercising in the context of their decision making.</p> <p>ii) General power of competence — In particular an authority seeking to exercise a general power of competence under the Localism Act 2011 needs to ensure that the power is fully understood and exercised in accordance with the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012.</p> <p>iii) Regulations and proper practices — Procedures need to be in place to ensure that an authority’s compliance with statutory regulations and applicable proper practices is regularly reviewed and that new requirements, or changes to existing ones, are reported to members and applied. Authorities need to have particular regard to the requirements of the Accounts and Audit Regulations 2015.</p> <p>iv) Actions during the year — An authority needs to have satisfied itself that it has not taken any decision during the year, or authorised any action, that exceeds its powers or contravenes any laws, regulations, or proper practices</p>	<p>CLERK/RFO Comments/Observations</p> <p><i>i) All agenda items requiring the council to make any decision (including financial) carries the Authority the Power has to make the decision which is also then recorded in the Minutes, on the financial statement and invoice</i></p> <p><i>ii) WPC are not eligible to adopt GPC due to insufficient number of elected Members. Clerk is CiLCA qualified</i></p> <p><i>iii) The Councils authority to act is recorded on all agendas and Minutes, all Council Policies and procedures are reviewed annually, or as Legislative changes arise</i></p> <p><i>iv) The Councils authority to act is recorded on all agendas and Minutes, all Council Policies and procedures are reviewed annually, or as Legislative changes arise</i></p>
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ASSERTION 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

<p>In order to warrant a positive response to this assertion, JPAG require that the authority needs to have taken the following actions in respect of the previous year’s Annual Governance and Accountability Return</p> <p>i) Exercise of public rights. The authority provided for the exercise of public rights set out in Sections 26 and 27 of the Local Audit and Accountability Act 2014. Part 5 of the Accounts and Audit Regulations 2015 requires the RFO to have published, including on the authority’s website or other website:</p> <ul style="list-style-type: none"> • Sections 1 and 2 of the Annual Governance and Accountability Return; • a declaration that the status of the statement of accounts is ‘unaudited’; and • a statement that sets out details of how public rights can be exercised, as set out in Regulation 15(2)(b), which includes the period for the exercise of public rights. 	<p>CLERK/RFO Comments/Observations</p> <p><i>i) All in order, Minuted and published on the council notice board and website for the duration of the exercise of public rights and remains on the website as historical reference</i></p>
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<p>ii) External Auditor's Review — A notice of the conclusion of the external auditor's limited assurance review of the Annual Governance and Accountability Return, together with relevant accompanying information, was published (including on the authority's website or other website) in accordance with the requirements of Regulation 16 the Accounts and Audit Regulations 2015.</p>	<p>ii) <i>All in order, Minuted and published on the council notice board and website for the duration of the exercise of public rights and remains on the website as historical reference</i></p>
<p>ASSERTION 5 We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risk, including the introduction of internal controls and/or external insurance cover where required</p>	
<p>In order to warrant a positive response to this assertion, the authority needs to have the following arrangements in place</p> <p>i) Identifying and assessing risks — The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.</p> <p>ii) Addressing risks — Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.</p>	<p>CLERK/RFO Comments/Observations</p> <p>i) The council have a risk assessment policy and register which is updated annually or as the need arises</p> <p>ii) The council insurance is reviewed annually prior to renewal, all assets and procedures of the council is risk assessed – Clerk has IOSH qualification</p>
<p>ASSERTION 6 We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems</p>	
<p>In order to warrant a positive response to this assertion, the authority needs to have taken the following actions</p> <p>i) Internal audit — The authority needs to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account internal auditing guidance for smaller authorities.</p> <p>ii) Provision of information — The authority needs to ensure it has taken all necessary steps to facilitate the work of those conducting the internal audit, including making available all relevant documents and records and supplying any information or explanations required.</p>	<p>CLERK/RFO Comments/Observations</p> <p>i) <i>All in order</i></p> <p>ii) <i>All in order</i></p>
<p>ASSERTION 7 We took appropriate action on all matters raised in reports from internal and external audit</p>	
<p>To warrant a positive response to this assertion, the authority needs to have considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate</p>	<p>CLERK/RFO Comments/Observations</p> <p><i>No areas of concern resulted from internal or external audit. Recommendations from Internal Audit 2018-19 have been addressed and recorded in the Internal control policy</i></p>
<p>ASSERTION 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</p>	
<p>To warrant a positive response to this assertion, the authority needs to have taken the following actions where necessary:</p> <p>Significant events — The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events</p>	<p>CLERK/RFO Comments/Observations</p> <p><i>Not applicable</i></p>

are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.

ASSERTION 9

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

Where a local authority acts as a sole managing trustee for a trust or trusts, to warrant a positive response to this assertion the authority needs to have made sure that it has discharged all of its responsibilities with regard to the trust's finances. This needs to include financial reporting and, if required, independent examination or audit. This is notwithstanding the fact that the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of its Annual Governance and Accountability Return

CLERK/RFO Comments/Observations

Not applicable

Alison Marshall - Local Council Administration Services

To: Winkleigh Parish Council Date: 24th May 2020

Internal Audit Report 2019/2020 for Winkleigh 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 2020 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

- ☑ Internal controls - systems are in place and have been tested by the Council regularly.
- ☑ Financial Regulations – in place, approved May 2020 and in order.
- ☑ Standing Orders – in place, approved May 2020 and in order.
- ☑ Code of Conduct – in place, reviewed May 2018 and in order.
- ☑ Transparency Code 2015 – does not apply due to the Councils annual turnover being above £25,000.
- ☑ Website – in place and in order.
- ☑ Petty Cash – not held. Borrowing – not applicable. Trusts - not applicable.
- ☑ General Power of Competence – it is unfortunate that the Council has been unable to take advantage of this 'power of the first resort' although it can still benefit from a CiLCA qualified Clerk.

- Council membership – vacancies are apparent and pro-activity, in order to attract new members, has been evidenced.

Public Funds

- ☑ Payment controls – in place and the Council oversees all payments monthly.
- ☑ Purchase and payment documentation – items crossed checked to the accounts were in order.
- ☑ VAT - requirements have been adhered to and records are in good order.
- ☑ Accounts/cash book – in good order and the receipts and payments method has correctly been used.
- ☑ Section 137 – this 'power of the last resort' has been used correctly.
- ☑ Other' income – cemetery and property rental income has been accounted for.

Risk Management and Budget Control

- ☑ Risk Management Scheme – in place, dated January 2020 and is in order.
- ☑ Statement of Internal Control and Internal Control Policy – in place and in order.
- ☑ General Insurance policy – in place and appears to be in order.
- ☑ Budget document - a thorough budget review has taken place prior to the setting of the
- ☑ Annual Precept, by full Council, as is required. The minutes have been documented appropriately