

MIDDLETON CHENEY Parish Council



Parish Meeting Room
Main Road
Middleton Cheney
Banbury
Oxon
OX17 2LR

Friday 11th June 2021

Councillors: You are hereby summoned to attend an Extraordinary Meeting of the Parish Council on

Date: WEDNESDAY 16th JUNE 2021

Time: 19:30

Location : Middleton Cheney Parish Meeting Rooms and Zoom

for the purpose of transacting Parish Council business.

Due to Coronavirus (COVID 19) resulting in a Pandemic the Government has issued legislation that must be followed relating to Council meetings.

Seating in the Parish Meeting Rooms due to COVID restrictions will be extremely limited. Please contact the Chair in advance if you wish to attend in person. Unlimited participants welcome to join on Zoom

Zoom Meeting ID

Join Zoom Meeting

<https://zoom.us/j/99500358032?pwd=SUDHTGJmQ0hzQ0RPRHdVbU5MRHIXUT09>

Meeting ID: 995 0035 8032

Passcode: MCPC2021

Signed: Mark Allen, Chairman, Middleton Cheney Parish Council

Queries Regarding the Agenda

If you have any queries regarding this Agenda, please contact the issuer as follows:

- cllr.mark.allen@middletoncheney.org.uk

Mobile Phones Please ensure that any device is switched to silent operation or preferably switched off during the virtual meeting unless being used for the purpose of participation

Chairman: Cllr. Mark Allen
Vice Chairman: Cllr. Susannah Smith
Clerk: 01295 713500 - Email: clerk@middletoncheney.org.uk

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AGENDA

- 21/814 Resolution to approve apologies for absence**
- To receive any apologies for absence from the meeting. Members who cannot attend a meeting shall tender their apologies in writing to the Chair prior to the meeting – Section 85(1) of the Local Government Act 1972.
- 21/815 Members' declaration of interest in items on the Agenda**
- Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting
- 21/816 Resolution to appoint locum Parish Clerk** **Chair/Cllrs**
- 21/817 Proposal to establish HR Committee and Agree Terms of Reference and Delegation of Authority**
Chair/Cllr
- 21/809 Proposal for change to use of Personal Email Accounts**
Cllr.Smith/Cllrs/Clerk
Carried over from 9/6/21
- 21/810 Proposal to agree Parish Council Meetings – Calendar 2021/22.**
Cllr. S. Smith
Carried over from 9/6/21
- 21/811 Proposal to investigate Recruitment Procedures/Precept Setting for 21/22**
Cllr. M. Harris
Carried over from 9/6/21
- 21/818 Proposal to revise and resubmit Annual Governance and Return 21/22**
Cllr. S Smith
- 21/819 Next meeting**
- 21st June 2021 – Parish Council General Meeting**

CLOSED MEETING

21/820 HR
Clerk/Cllrs

Signed: Mark Allen, Chairman, Middleton Cheney Parish Council

MIDDLETON CHENEY Parish Council

21/816

Resolution to appoint locum Parish Clerk

Chair/Cllrs

Verbal item for discussion presented by Mark Allen

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21/817

**Proposal to establish HR Committee and Agree Terms of Reference and
Delegation of Authority
Chair/Cllr**

Terms of Reference to follow on receipt of Councillor recommendations on delegation of authority

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21/809	Proposal for change to use of Personal Email Accounts Cllr.Smith/Cllrs/Clerk Carried over from 9/6/21
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Agenda Item:

Proposal to prohibit the use of personal emails to transact Council business

In line with the Information Commissioners Office recommendation on the use of personal emails for Council business, this Councillor believes the risk of routine use of insecure personal email addresses too great to permit their use in Middleton Cheney Parish Council

[Fact sheet for councils: the use of personal email addresses and devices \(ico.org.uk\)](https://ico.org.uk)

I propose that the Clerk and all Councillors use their @middletoncheney.org.uk email addresses ONLY for transacting business. All local government email addresses are fully portable and able to be used in an office, home and mobile environment so there is no reason to use an alternate email address.

The only time a personal address should be permitted to be used is whilst the Council is awaiting a new email address to be set up by 2commune, and then only for the summons to meetings, no sharing of confidential information by members of the Parish Council.

I propose that the staff handbook and HR policies to be updated to state that the use of personal emails in the transaction of council business be considered a breach of the contract of employment / Councillors Code of Conduct, and the relevant action be taken in the event of said breach.

Purpose of Agenda Item: *Please tick one*

For Information:

For decision and action: ...

For approval:

For discussion:

Name of person and contact details of person who will present the above:

Cllr Susannah Smith.....

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21/810	Proposal to agree Parish Council Meetings – Calendar 2021/22. Cllr. S. Smith Carried over from 9/6/21
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Agenda Item:

<p>MISSED ITEM FROM ANNUAL PARISH COUNCIL MEETING</p> <p>Agree and publish the schedule (date and location) of ordinary Parish Council Meetings and Parish Council Planning meetings up to the 2022 Annual Parish Council Meeting.</p> <p>Any change to dates and locations of those meetings to be approved by full council 2 weeks in advance.</p>
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Purpose of Agenda Item: *Please tick one*

For Information:

For decision and action:

For approval:

For discussion:

Name of person and contact details of person who will present the above:

Cllr Susannah Smith.....

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21/811 **Proposal to investigate Recruitment Procedures/Precept Setting for 21/22**
Cllr. M. Harris
Carried over from 9/6/21

Review of recruitment of Maintenance manager and setting of Precept

As discussed by the previous council, I would like to propose a working party to review the process and decisions made for recruiting the maintenance manager and the subsequent setting of the budget and precept. The goal would be to answer the following questions :

1. When was it decided that MCPC needed a full time maintenance manager and by whom
2. When and by whom was the salary for this role agreed.
3. When and by whom was the decision made to appoint the individual
4. When was the salary added to the budget
5. When was the precept submitted to District council and did it include the salary for the new role

The proposal is that the working party should NOT include any previous councillors or the Clerk to ensure that the process is seen as independent. The output of the WP would then go to full council to determine what, if any, actions should be taken.

There appears to be some suggestion that other staff are either being recruited or having their roles and responsibilities changed. In light of this review, **NO CHANGES ARE TO BE MADE TO STAFF ROLES, RESPONSIBILITIES or TERMS until the review is complete.**

Given the strength of feeling from the community, to make changes at this time would be irresponsible.

Purpose of Agenda Item: Please tick one

For Information:

For decision and action:.....X

For approval:.....

For discussion:.....

Other - please explain. Brief description (max 40 words)

Is there an attached report or paperwork? If so, please give details:

No

Name of person and contact details of person who will present the above:

Mark Harris.....

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21/818	Proposal to revise and resubmit Annual Governance and Return 21/22 Cllr. S Smith
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Agenda Item:

PROPOSAL: To resubmit the Annual Governance and Return to the Auditors in line with the agreement by full Council and the findings of the Internal Audit on 4th May

On the meeting on 4th May it was agreed by full Council to submit the AGAR in line with the amendments proposed and agreed in the full open meeting, as proposed by Mark Allen.

The AGAR uploaded to the Middleton Cheney Website on 10th June, which has been submitted to PKF Littlejohn is not the agreed version.

We need to resubmit the correct AGAR to PKF Littlejohn as a matter of urgency.

Purpose of Agenda Item: *Please tick one*

For Information:

For decision and action:

For approval:

For discussion:

Is there an attached report or paperwork? If so, please give details:

Yes – AGAR completion by Internal Auditor, Mark Allen AGAR Comments, Internal Audit, Actual Submitted AGAR.

Name of person and contact details of person who will present the above:

Cllr Susannah Smith.....

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21/818 Attachment 1

Annual Governance and Accountability Return 2020/21

Middleton Cheney Parish Council

Author Cllr. Mark Allen

Date 3rd May 2021

Purpose of this document

This document outlines my application of the JPAG Practitioner's Guide 2021¹ guidance to Middleton Cheney Parish Council for the financial year 2020/21, and the implications for the Parish Council's 2020/21 Annual Return.

Key to the text

Text in bold indicate the text of statements from the annual governance statement.

Text in italics indicates text from the JPAG Practitioner's Guide.

Text indented indicates quotations from the other documents, as indicated in the text.

Section 1 – Annual Governance Statement 2020/21

Assertion 1 – Financial management and preparation of accounting statements

We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.

Budgeting. The authority 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.

As the internal audit report notes:

Minute 20/624 of the 07 December 2020 meeting records the business that was transacted relating to firstly the precept (set at £134,000) and secondly an agreement to discuss the setting of a budget to accommodate this precept sum at a subsequent meeting. The budget and precepting process has therefore been reversed which is incorrect; the budget must be agreed by full council before agreeing the precept; see para 1.8 of the Practitioners' Guide.

The document headed 'Precept 2021/22' displayed on the 'Finance' page of the website declares the precept demand to be £159,680; there is no explanation for the increase of £25,680 between the final figure and that set out in the Minute 20/624 £134,000. Minute 20/658 of the 04 January 2021 meeting records the precept as having been reported to the billing authority but there is no further mention of the commitment from the previous meeting to discuss a budget. I therefore conclude that a budget for the coming year 2021/22 has not been set by the council.

1 <https://www.nalc.gov.uk/library/our-work/jpag/3479-practitioners-guide-2021>

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Middleton Cheney Parish Council has not put in place arrangements for effective financial management during the year because it did not properly set a budget. To rectify this in subsequent years, the Parish Council must ensure that the budget is agreed at a meeting of full council, and the decision is minuted, before the precept is set.

[The authority] needs to monitor actual performance against its budget during the year, taking corrective action where necessary.

As the internal audit report notes:

There is also no evidence in the council's Minutes of any monitoring or review of the budget during the course of the year. I note this work would normally be carried out by the Finance Working Group who would then report / make recommendations to the full council but 'progress against budget' does not appear in any of either the FWG or council Agendas or Minutes.

Middleton Cheney Parish Council has not put in place arrangements for effective financial management during the year because it did not monitor actual performance against its budget. To rectify this in subsequent years, the Parish Council must ensure that the progress against the budget is regularly monitored, either by the Finance Working Party or by full council, and this work reported to a meeting of the full council and recorded in the minutes.

A financial appraisal needs to be undertaken before the authority commences any significant project or enters into any long-term commitment.

Middleton Cheney Parish Council did not carry out a financial appraisal before the decision was made to create a new paid role of Maintenance and Project Manager. To rectify this particular omission it is necessary that the Parish Council tracks the savings made through the appointment of the Maintenance and Project Manager and uses this information to consider the value of the role, and to inform subsequent budget discussions. To rectify this in subsequent years, the Parish Council must ensure that all significant projects (such as those likely to lead to a variance that must be explained in the Annual Governance & Accountability Return (AGAR)) and/or long-term commitments, such as recruiting to new roles, are preceded by a financial appraisal to ensure affordability and value for money.

Assertion 2 – Internal control

We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

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.

As the internal audit report notes:

The council has not complied with its Financial Regulations adopted on 04 May 2020 (nor with the raft of underpinning procedures displayed on the website that deal with financial management, monitoring and internal controls) in respect of quarterly checks by the appointed Internal Controls Cllr. This fundamental failure has been reported to the council in my annual Internal Audit Report on three previous occasions and it is perplexing to find that this irregularity persists. The council has noted and acknowledged the failing in minute 20/533 of the 7th September meeting

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and resolved to address it in minute 20/657 of the 04 January 2021 meeting. I have been provided with evidence of just one ICC check, on 12 January 2021 but the planned check in March did not take place and minute 21/731 records a decision for the ICC and the Clerk/RFO to meet in April to discuss the way forward.

Whilst the effects of C-19 have constrained and limited normal processes (including ICC quarterly checks) they have not rendered them impossible, as the 12 January check demonstrates.

Middleton Cheney Parish Council did not maintain an adequate system of internal control, because it did not comply with its undertaking to carry out quarterly checks to ensure the effectiveness of its arrangements to protect money. To rectify this in subsequent years, the Parish Council must ensure that the quarterly checks are carried out, reported to a meeting of the full council, and recorded in the minutes.

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.

Middleton Cheney Parish Council did not maintain an adequate system of internal control, because it did not conduct a review of the effectiveness of the system of internal control during the financial year 2020/21. To rectify this in subsequent years, the Parish Council must carry out a review of the effectiveness of the system of internal control during each financial year, and the result of that review must be reported to a meeting of the full council, and recorded in the minutes.

Assertion 3 – Compliance with laws, regulations and proper practices

We took all reasonable steps to assure ourselves that there are no matters of actual or potential noncompliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.

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.

From the internal audit report:

following on from that, the council has a suite of policies and procedures that provide comprehensive coverage for a wide range of its business activities. The vast majority are apparently reviewed and re-adopted on an annual basis but it appears that in many cases, this results in either no or minimal change to the content. The consequence is either the content goes out of date or a gap develops between the requirements of the policy or procedure and the council's performance and delivery of those requirements ie what is actually being delivered (or not). I have already referred in the table above to the ICC quarterly checks and financial reporting and to the Risk Assessment, which lacks some content but there are other examples eg the council's Finance Plan and several financial monitoring policies and procedures where the standards and requirements are now being honoured more in the breach.

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Even allowing for the limitations imposed by C-19 the council needs to guard against allowing this gap to widen.

The above makes clear that the review of policies and procedures is not sufficiently rigorous, and the tracking of the status of documents is insufficient.

Another concern relating to compliance with laws, regulations and proper procedures is the setting of the precept for the financial year 2021/22. The failure to properly agree the budget before setting the precept has been noted under 'Assertion 1 – Financial management and preparation of accounting statements', but the internal auditor also pointed out the discrepancy between the precept agreed and minuted, and that precept demand issued:

The document headed 'Precept 2021/22' displayed on the 'Finance' page of the website declares the precept demand to be £159,680; there is no explanation for the increase of £25,680 between the final figure and that set out in the Minute 20/624 £134,000.

In the matter of the recruitment of the Maintenance and Project Manager, Middleton Cheney Parish Council did not follow its own procedures as outlined in the Staff Handbook²:

To ensure that we reach the widest cross section of the community all vacancies will be advertised externally, i.e. through Job Centres, Parish Web Site or independent media. Positions will also be advertised internally.³

Assertion 5 – Risk management

We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

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.

*That said, my response is a qualified 'yes' because the Risk Assessment document is undated and the final page includes text that states "The maximum that could claimed is £xxx... or £xxx...", text that also appears in the also undated previous versions of the same document; that leads me to question whether the adequacy element of this audit requirement has been met.

As noted under 'Assertion 3 – Compliance with laws, regulations and proper practices', the review of policies and procedures is not sufficiently rigorous, and the tracking of the status of documents is insufficient, and this as it relates to risk assessments is of particular concern to the internal auditor.

Assertion 7 – Reports from Auditors

We took appropriate action on all matters raised in reports from internal and external audit.

2 <https://www.middletoncheney.org.uk/uploads/staff-handbook-januar-2021.docx>

3 Middleton Cheney Parish Council Staff Handbook, page 8, section headed '5. Equal Opportunities'.

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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.

Matters noted in the internal audit report for the financial year 2019/20:

1. Quarterly checks by Internal Control Councillors (ICCs) were not always carried out.
2. The version of Financial Regulations posted on the Council website⁴ is out of date.
3. Non-attendance without apologies being incorrectly recorded in the minutes.
4. Risk assessment.
5. Failure to set a budget.

I acknowledge that the Finance Group carried out preparatory work on the following year's budget and precept but there is no Agenda item or minute recording the council setting a budget, an item of business that it is legally required to conduct for each financial year.

Middleton Cheney Parish Council did not take appropriate action on all matters raised in reports from internal and external audit. To rectify this, the Parish Council must update the Financial Regulations posted on the website, and ensure that all attendance is correctly recorded in the minutes of council meetings. The other matters reported are covered in other parts of this document.

To rectify this in subsequent years, the Parish Council must consider all matters raised in the internal audit report for the financial year 2020/21.

Section 2 – Accounting Statements

Item 9 – Total fixed assets plus long term investments and assets

From the internal audit report:

The Asset Register dated 01 April 2020 was posted to the website on 03 May 2020. This doc indicates it was last updated on 13 April 2021 and the net asset value at line 93 is £375,560. Based on the summary information for expenditure, I have answered 'yes. However as with the Risk Assessment this is a qualified 'yes' because there are inconsistencies between the values in that document and the reported figures declared in previous year's accounting statements ie AGAR section 2, cell 9. I believe the problem arises due to an incorrect reliance on the information provided by the council's software accounting package. The confusion arises because this provides a quasi AGAR section 2 accounting statements page, complete with provision for sign-off entitled 'Annual Return -England, Section 2 The statement of accounts' where the zero figures are shown for the current and previous year. Last year's AGAR, not seen by me until now also recorded zero for both that year (2019/20) and the previous year; the previous year's AGAR declared £378,331 for that year (2018/19) and £395,100 for the previous year 2017/18). Although I have not seen the completed accounting statements AGAR section 2 for this year (2020/21) I requested and have been provided with an asset value of £395,100 for the current year. This does not accord with the Asset Register figure of £375,560

4 [https://www.middletoncheney.org.uk/uploads/financial-regulations\(1\).docx](https://www.middletoncheney.org.uk/uploads/financial-regulations(1).docx)

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leading me to question the accuracy element of this internal audit test of the asset register values.

The asset value for the current year given to the internal auditor matches that in the Accounting Statements 2017/18 and the Accounting Statements 2018/19 for the year ending 31 March 2018.

Accounting Statements 2017/18

	31 March 2017 £	31 March 2018 £
Total fixed assets plus long term investments and assets	393,552	395,100

Accounting Statements 2018/19

	31 March 2018 £	31 March 2019 £
Total fixed assets plus long term investments and assets	395,100	378,381

Accounting Statements 2019/20

	31 March 2019 £	31 March 2020 £
Total fixed assets plus long term investments and assets	0	0

Accounting Statements 2020/21

	31 March 2020 £	31 March 2021 £
Total fixed assets plus long term investments and assets	0	0

The Parish Council needs to provide a figure for the total fixed assets plus long term investments and assets for the financial year 2020/21. If this is not zero, the Parish Council needs to explain the variance between this and the 2019/20 figure. An explanation is also needed for the difference between the figures for the year ending 31 March 2019 in the Accounting Statements for 2018/19 and 2019/20.

Explanation of significant variance from one year to the next

Items which have significant variance and require explanation:

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- Total other receipts (159% increase)
- Staff costs (23% increase)
- Total other payments (11% increase)

Conclusion

It is my view that Middleton Cheney Parish Council must answer 'No' to assertions 1, 2, 3, 5 and 7 in the Annual Governance Statement 2020/21, for the reasons outlined above. For each statement that the Parish Council cannot answer in the affirmative we must supply an explanation and describe how we will address the weaknesses identified.

For the Accounting Statements 2020/21, I believe that further work is required for the figures for total fixed assets plus long term investments and assets, and an explanation is required for the variance in three other figures.

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21/818 Attachment 2

s47503.pdf

Page view

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

MIDDLETON CHENEY 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 2021, 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 must be published with the Annual Governance Statement.

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

04/05/21

and recorded as minute reference:

21/782

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

Chairman

S. Jerrard Coughtry

Clerk

V Furniss

clerk@middletoncheney.org.uk



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21/818 Attachment 3

Northants CALC IAS

Internal Audit Report

(to be read in conjunction with the Annual Governance and Accountability Return)

Name of council:	Middleton Cheney Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	18.04.21
Year ending:	31 March 2021	Date audit carried out:	12 & 18.04.21

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. It is important to note that managing the council's internal controls is a day-to-day function of the council through its staff and councillors and it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the council in order to detect error or fraud. This report is based on the evidence made available to and seen by me. **The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

To the Chairman of the Council:

Due to the Covid-19 pandemic and as a consequence of the legal distancing restrictions imposed by the UK government I carried out the audit remotely, by e-mail. I would thank Val Furniss, Clerk and RFO for her co-operation and assistance in delivering the audit in what I appreciate has been a difficult year for clerks and councils.

I firstly examined the publicly available information displayed on the council's website including the council's policies, procedures, agendas, minutes, financial and other records. I sought evidence that the previous year's Internal and External Audit reports had been properly reported to and actioned by the Council. I examined the council's arrangements for the management and control of its business in the areas of bookkeeping, due process (ie compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control and year-end procedures including the public display of information.

I looked particularly at the arrangements that the council put in place in response to the C-19 restrictions, to manage the processes and procedures that would normally require documents including Minutes, invoices etc to be physically examined and / or signed to ascertain whether the modified arrangements have been introduced without any significant diminution in the overall standard of internal controls.

Where necessary, I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the Annual Internal Audit Report (AIAR) that forms part of the Annual Governance and Accountability Return (AGAR). This supplementary information was provided in the form of written answers to the questions raised together with scanned documents including outputs derived from the computerised software package including the accounting statements rather than section 2 of the AGAR (not supplied) and the bank reconciliations.

I have been unable to answer 'yes' in all cases and so to aid understanding, I have set out my conclusions in the form of a table based on the AIAR page of the AGAR;

Internal control objective	Y, N N/C or N/A	Comment
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A	Appropriate books of account have been kept properly throughout the year	Y	Due to the limitations of remote auditing, I requested and have been provided with scanned copies of the accounting records. However, I have directly viewed the records in previous years and have been satisfied with the manner of record keeping and based on other information gleaned this year, I have deemed this objective as met. That said, having searched the document management system on the council's website and perused the 58 items listed under the tab 'Finance & Audit' as well those listed under the separate 'Finance' tab I have been unable to locate a <u>published</u> set of accounts either for the current or preceding years. See also additional comments at E and G below and in my narrative report.
B	The Council's Financial Regs have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	N	<p>The council has not complied with its Financial Regulations adopted on 04 May 2020 (nor with the raft of underpinning procedures displayed on the website that deal with financial management, monitoring and internal controls) in respect of quarterly checks by the appointed Internal Controls Cllr. This fundamental failure has been reported to the council in my annual Internal Audit Report on three previous occasions and it is perplexing to find that this irregularity persists. The council has noted and acknowledged the failing in minute 20/533 of the 7th September meeting and resolved to address it in minute 20/657 of the 04 January 2021 meeting. I have been provided with evidence of just one ICC check, on 12 January 2021 but the planned check in March did not take place and minute 21/731 records a decision for the ICC and the Clerk/RFO to meet in April to discuss the way forward.</p> <p>Whilst the effects of C-19 have constrained and limited normal processes (including ICC quarterly checks) they have not rendered them impossible, as the 12 January check demonstrates.</p> <p>A sample check of invoices has confirmed that proper procedures are in place although I have made additional comments regarding financial reporting above and in my narrative report.</p> <p>I am satisfied that reclaimable VAT is being correctly identified. I have seen a record in the accounting statements (but not in a bank statement, as these are apparently destroyed after checking rather than being retained as part of the financial records) of the repayment of £18,516 being received.</p>
C	The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	Y*	<p>I have located documents on the website dealing with Risk Assessment showing the dates posted as 03 May 2020 (2 docs) and 08 March 2021. The review of all policies etc was approved at the 15 March 2021 meeting and whilst the Risk Assessment is not specifically mentioned, I conclude that the Risk Assessment was reviewed.</p> <p>*That said, my response is a <u>qualified</u> 'yes' because the Risk Assessment document is undated and the final page includes text that states "<i>The maximum that could claimed is £xxx... or £xxx...</i>", text that also appears in the also undated previous versions of the same document; that leads me to question whether the <u>adequacy</u> element of this audit requirement has been met. See further comment in my narrative report.</p>
D	The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly	N	Minute 20/624 of the 07 December 2020 meeting records the business that was transacted relating to firstly the precept (set at £134,000) and secondly an agreement to discuss the setting of a budget to accommodate this precept sum at a subsequent meeting. The budget and precepting process has therefore been reversed which is incorrect; the budget must be agreed

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	monitored and reserves were appropriate		<p>by full council <u>before</u> agreeing the precept; see para 1.8 of the Practitioners' Guide.</p> <p>The document headed 'Precept 20121/22' displayed on the 'Finance' page of the website declares the precept demand to be £159,680; there is no explanation for the increase of £25,680 between the final figure and that set out in the Minute 20/624 £134,000. Minute 20/658 of the 04 January 2021 meeting records the precept as having been reported to the billing authority but there is no further mention of the commitment from the previous meeting to discuss a budget. I therefore conclude that a budget for the coming year 2021/22 has not been set by the council.</p> <p>There is also no evidence in the council's Minutes of any monitoring or review of the budget during the course of the year. I note this work would normally be carried out by the Finance Working Group who would then report / make recommendations to the full council but 'progress against budget' does not appear in any of either the FWG or council Agendas or Minutes.</p> <p>There is a Reserves Policy; reserves appear to be adequate and appropriate although a commitment in minute 20/658 (see above) for the FWP to review reserves does not appear to have been delivered at the subsequent FWP meeting on 15 January 2021.</p>
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was properly accounted for	Y	<p>Bank balances are reported to each full council meeting. However, unlike expenditure, monthly income is not separately reported or recorded in the Minutes. The Clerk / RFO has advised that bank statements are not routinely retained, rather the tendency is for them to be disposed of after checking which unfortunately precludes further audit. I have seen evidence in the computerised accounts package used by the council of a VAT refund payment of £18,516 during the course of the year.</p>
F	Petty cash payments were properly supported by receipts, expenditure was approved and VAT was properly accounted for	N/C	There is no petty cash
G	Salaries to employees and allowances to members were paid in accordance with Council approvals and PAYE & NI requirements were properly applied	Y	<p>Staff salary payments (net) and deductions are properly reported and approved at each full council meeting. Pay rates were reviewed and adopted at the 01 March 2021 council meeting see minute 21/718.</p>
H	Asset and investment registers were complete and accurate and properly maintained	Y*	<p>The Asset Register dated 01 April 2020 was posted to the website on 03 May 2020. This doc indicates it was last updated on 13 April 2021 and the net asset value at line 93 is £375,560. Based on the summary information for expenditure, I have answered 'yes'. However as with the Risk Assessment this is a <u>qualified</u> 'yes' because there are inconsistencies between the values in that document and the reported figures declared in previous year's accounting statements ie AGAR section 2, cell</p>

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			9. I believe the problem arises due to an incorrect reliance on the information provided by the council's software accounting package. The confusion arises because this provides a <i>quasi</i> AGAR section 2 accounting statements page, complete with provision for sign-off entitled 'Annual Return -England, Section 2 The statement of accounts' where the zero figures are shown for the current and previous year. Last year's AGAR, not seen by me until now also recorded zero for both that year (2019/20) and the previous year; the previous year's AGAR declared £378,331 for that year (2018/19) and £395,100 for the previous year 2017/18). Although I have not seen the completed accounting statements AGAR section 2 for this year (2020/21) I requested and have been provided with an asset value of £395,100 for the current year. This does not accord with the Asset Register figure of £375,560 leading me to question the <u>accuracy</u> element of this internal audit test of the asset register values.
I	Periodic and year-end bank account reconciliations were properly carried out	Y	As previously stated, checking by the Internal Controls Cllr has been infrequent. The council utilises an accounting and financial management software package that provides both a recording system for transactions and a management information system.
J	Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, were supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded	Y	See above.
K	Exemption from limited assurance review	N/A	
L	Website information <£25k turnover	N/A	
M	Provision for the exercise of public rights during the previous year (2019/20)	Y	The Notice of Public rights dated 10 June 2020 is posted on the website. It was extremely difficult to find as document is posted as 'Annual Governance and Accountability Return' but was eventually located by following the trail About -> Finance -> Financial Information 2020 -> the 7 th document from the foot of the page.
N	Publication requirements for 2019/20 audit	Y	The Notice of Conclusion of Audit dated 10 th June 2020 was also difficult to locate. It can be found by following the same trail as above where it is the 3 rd document from the foot of the page under the title 'Annual Internal Audit Conclusion'; it is the first page of 4, the other 3 pages being the sections 1,2 and 3 of the 2019/20 AGAR. The latter page sets out the External Auditor's opinion. The document entitled 'Annual Governance Statement' on the same page contains the AGAR sections 1 and original 2 with a further section 2 containing some restated figures.
O	Trust funds	N/A	

I would make some additional comments as follows;

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- the website is extremely difficult to navigate. Whilst virtual meetings of the council are open to the public, the council's website is the only permanent window that is available to the public (and auditors) and as such with the current covid limitations it is important now, more than ever to ensure that people can see and find the statutory and other information they seek. In this respect, I encountered a great deal of difficulty in accessing some of the documents and information I sought. By way of example, some pages eg 'Financial Information 2020' on the Finance page actually contains information for 3 different years, there are several copies of some documents eg Financial Regulations, Risk Assessment that are either undated or very out of date and in several cases the document name does not properly describe its content, making searching laborious and sometimes futile (see my comment under Internal Control objective M in the table above). I note that this issue has also been raised by a member of the public (see minute 20/454 of 01 June 2020) as well as the council's commitment to address matters, but action is now required. The budget should be publicised rather than referred to on the Financial Information page as 'details are available from the parish clerk' which is rather opaque.

I would reiterate my comment made last year that *"The council's turnover is such that compliance with the Transparency Code for Smaller Authorities is advisory rather than mandatory but best practice, to quote MHCLG ie government guidance is that a council such as yours is '... still legally required to publish its accounts electronically and make its meeting agendas, minutes and associated documents publicly available as well as provide a register of its councillors' interests.' Further details are provided in the 'Open and Accountable Local Government; Plain English Guide' available here that underpins the Openness of Public Bodies Regs 2014. In MHCLG's opinion, taking the small step to comply with the council's transparency requirements is the sensible way to meet the requirements of the 'Openness Regs.'"*

- following on from that, the council has a suite of policies and procedures that provide comprehensive coverage for a wide range of its business activities. The vast majority are apparently reviewed and re-adopted on an annual basis but it appears that in many cases, this results in either no or minimal change to the content. The consequence is either the content goes out of date or a gap develops between the requirements of the policy or procedure and the council's performance and delivery of those requirements ie what is actually being delivered (or not). I have already referred in the table above to the ICC quarterly checks and financial reporting and to the Risk Assessment, which lacks some content but there are other examples eg the council's Finance Plan and several financial monitoring policies and procedures where the standards and requirements are now being honoured more in the breach. Even allowing for the limitations imposed by C-19 the council needs to guard against allowing this gap to widen.
- I would draw particular attention to my comments re question H relating to asset values in the grid above; there is confusion over how to use the (erroneous) information produced by your accounting software package. Please note also that long term investments should be included in the asset register, paras 2.25 - 2.27 of the Practitioners' Guide provide further information.
- starting with the September 2020 council meeting the Minutes no longer record details of the members who were present. This is an important omission because the council needs to be able to demonstrate that a meeting was quorate.
- for reasons of data protection and governance, all official correspondence should always utilise the council's corporate email address rather than a private email account

This report is based on the evidence made available to me. It is important to note that managing the council's internal controls is a day-to-day function of the council through its staff and councillors; it would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. Consequently, the report is limited to those matters set out above.

I confirm that through examination of information displayed on the website and questioning, I tested all the aspects of the Council's internal controls that I am required to consider. Accordingly, I have completed and signed off the Annual Internal Audit Report at page 3 of the AGAR as required. I would

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urge the council to remedy the identified errors and omissions, some of which were present last year and to which PKF Littlejohn drew attention in their Report at section 3 of the AGAR.

John Marshall, CiLCA
Internal Auditor to the Council
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The figures submitted in the Annual Return are:

	Year ending 31 March 2020	Year ending 31 March 2021
1. Balances brought forward	283,408	288,322
2. Annual precept	129,297	130,757
3. Total other receipts	16,788	43,507
4. Staff costs	48,745	59,908
5. Loan interest/capital repayments	0	0
6. Total other payments	92,427	102,611
7. Balances carried forward	288,322	300,067
8. Total cash and investments	288,322	300,067
9. Total fixed assets and long term assets	0*	0*
10. Total borrowings	0	0

- See comments in my report re AGAR section 2 accounting statements cell 9

The proper practices referred to in Accounts and Audit Regulations 2015 are set out in the current version of the *Practitioners' Guide* available for free download from this page:

<https://www.pkf-littlejohn.com/services-limited-assurance-regime-useful-documents-and-links>