

GOSFIELD PARISH COUNCIL INTERNAL AUDIT 2021/22

A Proper Bookkeeping

- Is the cash book maintained and up to date?
Yes. Excel spreadsheet with several worksheets is maintained by the RFO each month. The separate worksheets for payments (Bank Pay) and receipts (Bank Receipts) have columns to analyse the current account transactions by type. Totals are used to create the 'Receipts and Payments' summary which builds year to date totals to compare against the budget. There is a separate tab for Deposit Account transactions. Totals from all are picked up for the 'Bank Rec' worksheet to reconcile from opening to closing cash book balances. Receipts that are to be netted off against payments appear in red in Bank Receipts tab and as contras in the bank rec tab. The vice chair has kept parallel accounts using Scribe Accounting software (up to November 2021) and will complete the 2021/22 year to compare final figures. The clerk will be trained to use the Scribe package during 2022/23
- Is the cash book arithmetic correct?
Yes.
- Is the cash book regularly balanced?
The formulae ensure that the cash book balances.

B Financial Regulations, Standing Orders and Payment Controls

- Has the council formally adopted standing orders and financial regulations?
Yes. Standing Orders and Financial Regulations were adopted at meeting on 24 May 2021 (minute 21/085 items M and G). Updated RF (to include Contract Finder clause) adopted at meeting 19 July 2021 (minute 21/137)
- Has the council adopted other policies and procedures?
During the year the council adopted policies and procedures at its meeting on 24 May 2021 (minute 21/085). Adopted Policies and key documents are on the website. [Council Documents/Policies - Gosfield Parish Council \(e-voice.org.uk\)](http://Council Documents/Policies - Gosfield Parish Council (e-voice.org.uk))
- Has a Responsible Financial Officer been appointed with specified duties?
Yes. The RFO appointment, as separate from the clerk, is confirmed at the annual meeting of the council on 24 May 2021 (minute 21/090).
- Have items or services above a de minimis amount been competitively purchased?
Regulation 4.1 allows payments by the clerk of up to £500 together with the chair and 4.5 allows payments of up to £500 by the clerk in cases of extreme risk to the delivery of council services. Regulation 11.1h can be summarised as - 3 estimates are required for amounts £100 to £3000; 3 quotes for amounts £3000 to £25,000; tender process for contracts over £25,000. This threshold agrees with section 18 of the SO. During the year, quotes were obtained for a variety of purchases including hedging (minute 21/099), repairs to play equipment (minute 21/115, 21/142, 21/158, 21/254 & 22/012), architect fees (minute 21/140), clearance of allotment plot (minute 21/214), clear leaves and reseed grass (minute 22/030). There was a tender process for the pavilion extension; tenders were assessed at the meeting on 21 March 2022 (minute 22/054) and an extraordinary meeting held on 31 Mar 2022 to discuss the way forward.

- Are payments in the cash book supported by invoices, authorised and minuted?
Financial Matters item in each month's minutes includes an 'Approve accounts for payment' item. The Vice Chair prepares a list which shows the supplier, invoice date, Total, VAT element, net cost to GPC, Grant / Recoverable and description. The top section is payments for approval, followed by payments approved annually (under contract such as salaries and DDs) and previously approved / paid. Invoices are validated on receipt by the vice chair and entered into an Invoice Control spreadsheet. Payments for the current month are copied and pasted onto a worksheet for the month and are checked by the RFO. The vice chair circulates the monthly payments list, together with scanned copies of the source documents, by email to all councillors. At the meeting the chair signs the Payments Approval and reporting sheet which the clerk keeps with the minutes. After approval at the meeting, the vice chair sets up the payments on the Barclays account for authorisation by the second signatory and initials the source documents.
- Has VAT on payments been identified, recorded and reclaimed?
VAT is recorded in a separate column in the 'Bank pay worksheet' and on the Invoice Control worksheet (which also includes the supplier VAT number in column D). Payments that include VAT are cut and pasted into a separate VAT reclaim worksheet to build the claim: the total is checked against the bookkeeping spreadsheet as a control. Utility bills are split between the council, Shop and Playing Field Management Association, based on sub meter readings. A separate spreadsheet records the split of the utility bills (including and excluding VAT) and calculates the recharge invoices. Only the VAT on the council share of the utility bills is reclaimed. A reclaim of £1071.66 was received in April 2021 (minute 21/111.2) being the balance of VAT on payments for 2020/21. Total VAT on payments in 2021/22 (per column E) is £4,370.58 which will be reclaimed in 2022/23.
- Is s137 expenditure separately recorded and within statutory limits?
The council has the General Power of Competence.

C Risk Management

- Does a scan of the minutes identify any unusual activity?
Neighbourhood Plan (under matters arising at each meeting and minute 22/047); Community Shop and plans for extension to the Pavilion (under matters arising at most meetings and minute 22/061); consideration of Public Works Loan (minutes 21/212, 21/233), legal licence agreement with the Playing field Management Committee (under matters arising at several meetings).
- Do the minutes record the council carrying out a risk assessment?
Yes. A strategic risk assessment was adopted at the meeting 21 June 2021 (minute 21/112), together with risk assessments for the play area and playing field. A suite of other risk assessments was approved at meetings on 24 May (minute 21/086). Risk assessments for activities (cleaning the ha-ha drain, litter picking, cleaning the pavilion toilet area) were also approved at the same meeting (minute 21/085). The risk assessment for the Gosfield Nature Reserve is awaiting a review in partnership with the nature reserve contractor (minutes 21/167 & 21/168). A councillor was appointed as Health and Safety Officer at the meeting 19 July 2021 (minute 21/141)

- Is insurance cover appropriate and adequate?
Yes. Policy with RSA through CAS brokers for period 1 October 2021 to 30 September 2022 being the final year in a long-term agreement. Cover for Property Damage, All risks, Business interruption, Money, employers' liability, public and products liability, legal defence, fidelity guarantee, legal expenses, official's indemnity, and personal accident. Property damage cover appears to be sufficient but a full assessment will be undertaken at the next renewal.
- Are internal financial controls documented and regularly reviewed?
The division of duties between the clerk, vice chair and RFO provide strong internal financial controls. The RFO checks the payments list and entries onto the bookkeeping spreadsheet. RFO allocates the transactions to appropriate columns on the spreadsheet. Vice chair calculates salary (and back pay if any) which is checked by the RFO before submissions to the external payroll provider. The vice chair checks the RFO bank reconciliations. Source documents are initialled and payments approval lists are signed.
- Are all risks identified and actions undertaken to mitigate risks?
*The strategic risk register has columns for risk level, description of the identified risk, and management of risk and actions taken. The assessment is comprehensive in scope. The minutes include confirmation of actions being undertaken e.g., Bank signatories confirmed (minute 21/083), Active attendance at training (minute 21/101), dedicated email addresses set up (minute 21/114), ROSPA play safety report (Minute 21/115), documentation sought from users of the playing field (minute 21/125), consideration of insurance risks re use of the car park (minute 22/015), rota for play area inspection (minutes 21/183.7, 21/209.11 and 22/030.1)
The GNR risk assessment needs to be reviewed and it may be worth undertaking a tree survey if one has not been undertaken for some time.*

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
The RFO requested budget items at the meeting 15 November 2021 (minute 21/231.2) which was discussed in December (minute 21/251). 3 precept options were presented to the council. Precept of £36931 was agreed at the meeting on 17 January 2027 (minute 22/009).
- Is actual expenditure against the budget reported to the council?
The cash book includes a "Receipts and Payments" worksheet that takes figures from the Bank Pay and Bank Receipts worksheets and compares the year-to-date actuals against the budget. Councillors see this worksheet twice a year.
- Are there any significant unexplained variances from budget?
Income is overbudget by £17756 and expenditure is over budget by £18887. Grants and donations for the NP, the shop development costs and play equipment has covered the unbudgeted expenditure in those areas. The receipts and payments tab of the Cash Book details the variances in every line of the budget.

E Income Controls

- Does the council have sources of income other than precept and VAT?
BDC Street Scene, Grass cutting contracts (Greenfields, ECC), sale of maps, Grapevine advertising, Allotment plot fees, contributions towards pavilion utility bills, grants, donations, fundraising activities and interest.

- Is income properly recorded and promptly banked?
Donations, fundraising and allotment plot fees are occasionally made by cheques or cash and are banked as soon as practical. Most income is received by direct credit.
- Does the precept recorded in the cash book agree to the district council's notification?
Yes. Precept total £35877 received as £17939 and £17938 (April & Sep 2021) plus a Collection Fund surplus of £494 received with first instalment. (£18433 and £17938).
- Are security controls over cash adequate and effective
The vice chair received cash for a fundraising event which raised £182.15 in January 2022 and an email was sent to the clerk to confirm the amount counted and banked. This is probably the largest single amount of cash in the year. For smaller amounts the vice chair will document the receipt and bank a personal cheque to the parish council account. On occasions cash is handed in at the shop in an envelope. Wherever practical a receipt is given for cash. Cash handling totals are not significant so not of concern.

F Petty Cash No Petty cash is held.

G Payroll Controls

- Do salaries paid agree with those approved by the council?
Yes. The clerk works 12 hours per week on SCP 17. A new contract was issued at the start of the year to reflect changes in expenses / allowances (minute 21/075). At the meeting on 20 Sep 2021 the council agreed to allow the clerk to claim overtime for training on the Scribe Accounting package (minute 21/194). The council also employs a cleaner and a litter picker on minimum wage, paid for the hours worked. The litter picker resigned in October and a new litter picker was appointed (Personnel minute 21/224)
- Are other payments to the clerk reasonable and approved by the council?
Yes. The clerk, cleaner and litter picker can claim reimbursement for items such as ink, paper, stamps, envelopes, cleaning materials etc which is paid separately from salary.
- Has PAYE / NIC and pensions been properly operated by the council as an employer?
Payroll is operated by an external payroll provider, Richard Edwards Group. The vice chair sends an email to confirm the hours worked and gross pay each month. The calculation is checked by the RFO who maintains a summary of staff pay as a separate tab on the bookkeeping spreadsheet. Clerk has opted out of the pension scheme (minute 21/075) and other staff have not opted in.
- What controls exist over management of staff time and duties?
Clerk appraisal was undertaken by the Personnel committee on 26 April 2021 (minute 21/075). The clerk supervises the cleaner and litter picker. All staff keep time sheets which go to the vice chair. Throughout the year clerk has regular 1:1s with the vice chair. Peaks and troughs in workload are managed within the weekly hours.

H Asset Control

- Does the council keep an asset register of all material assets owned?
Yes. The Register is an accumulation of asset acquisitions since 31 March 2013. The starting total of £579,550 has been reduced by £66,912 to restate from insurance value to cost. A document from 2009 gives an indication of assets that are included in the adjusted opening balance of £512,638 but a detailed breakdown of this figure is still needed. A significant amount of work has been undertaken to verify and photograph the assets owned by the council. There will be disposals in 2022/23 (e.g., the skate ramp).so an AGAR 'value' needs to be attributed to this asset to enable removal from the asset register. The council owns a significant amount of land, but the land registry contact details show the names and addresses of previous clerks and need to be amended. This will be a project for 2022/23 as part of updating the asset register.
Also, the asset register does not have a column for replacement costs (insurance values) but these will be added next year.
- Is the register regularly updated?
Asset register is updated at the year-end to pick up all the capital expenditure in the year. Opening balance £585941.93, purchase of £757.64, closing balance £586,699.57.
- Do asset insurance valuations agree with those in the asset register?
Property damage insurance cover is for the pavilion building which is insured for £420,916 and for all risks total value £250,000. The asset register contains no insurance values for the assets owned. In conversation with the clerk, vice chair and RFO, it is believed the insurance cover for the pavilion will cover a total loss. Plans have been drawn up for an extension to the pavilion and a new valuation could be sought once the extension has been completed. An exercise was undertaken this year to calculate the replacement value of play equipment which concluded it should be insured for £100,000. The insurance value of all the other assets (street furniture, war memorial, maintenance equipment, etc.) will be established as part of the asset register review and the total cover of £250,000 adjusted if necessary, at the time of renewal.

I Bank Reconciliation

- Is there a bank rec for each account?
Yes. One reconciliation covers the 3 bank accounts (Barclays current account, Barclays deposit account and Cambridge & Counties savings account).
- Is the bank rec carried out regularly on receipt of statements?
Yes. Every month as soon as the statements arrive.
- Are there any unexplained balancing entries in any reconciliation?
No.

J Year End Procedures

- Are year end accounts prepared on the correct accounting basis (R & P / I & E)? *Yes. R & P basis*
- Do accounts agree with the cash book and working papers?
Yes. All cross check
- Is there an audit trail from underlying financial records to the accounts?
Yes. Source documents are numbered to correspond to entries on the Invoice Control spreadsheet

- Where appropriate, have debtors and creditors been properly recorded?
Not required for R&P. Debtor at the year-end is VAT refund due. Control spreadsheets are maintained for the collection of Allotment rents and Grapevine advertisements

K Council Exempting itself from a limited assurance review

- Did the council meet the criteria?
No. Gross income and gross expenditure in 2020/21 exceeded £25000.
- Did the council exempt itself from the review? N/A
- Was the exemption certified at a meeting? N/A
- Was the appropriate notice displayed? N/A

L Web page Publication

The authority publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency code for smaller authorities.

M Public Rights in Summer 2021

The council agreed the dates for the period for the Exercise of Public Rights commencing 28 June 2021 and ending 6 August 2021 and displayed the notice (minute 21/111.6) [public-rights-2021 \(e-voice.org.uk\)](#)

N Publication of Annual Return 2020/21

*The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).
[agar-2020-2021 \(e-voice.org.uk\)](#)*

O Trustees

- If the council is a trustee, has it met its responsibilities?
Not applicable. Gosfield PC is not a sole trustee.

Jan Stobart, FCCA
6 May 2022