

GOSFIELD PARISH COUNCIL INTERNAL AUDIT 2022/23

A Proper Bookkeeping

- Is the cash book maintained and up to date?
Yes. An excel spreadsheet was maintained until October 2022 (and used to compare actual v budget for precept calculations). The whole year transactions were entered onto the Scribe package to create the year end accounts. Cash book is now updated monthly using Scribe.
- Is the cash book arithmetic correct?
Computerised accounting system (Scribe package)
- Is the cash book regularly balanced?
Computerised accounting system

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 16 May 2022 (minute 22/089 G & M).
- Has the council adopted other policies and procedures?
During the year the council adopted policies and procedures at its meeting on 16 May 2022 (minute 22/089) and 20 June 2022 (minute 22/130). 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 clerk was appointed as RFO at the meeting on 16 May 2022 (minute 22/093). However the previous RFO (a non councillor volunteer role) and the chairman have undertaken much of the bookkeeping through the year, including entering all the transactions onto Scribe. The previous RFO prepared the year end accounting information and has since been reappointed as RFO of the council (meeting 15x May 2023 minute 23/088)
- 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 payroll provider (22/079), Zip wire repair (22/135), roundabout repair (22/136), hedge cutting (22/170), pavement clearing (22/184), tree works (22/209), repair old village sign(22/221) tree survey (22/222, 23/020(, speed camera calibration (23/031). There have been no payments in the year in excess of £3000.
- 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 list of payments 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 clerk and entered into an excel

spreadsheet. The spreadsheet is checked by the chair, who 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 chair sets up the payments on the Barclays account for authorisation by the second signatory. *There is no evidence that the source documents are scrutinised by councillors: this is one of the challenges of electronic systems. One copy of the source documents is taken to the meeting so could be checked by a councillor (preferably not an authorised signatory) against the list of payments and initialled as evidence. This might be worth considering as a way of strengthening councillor internal controls.*

- Has VAT on payments been identified, recorded and reclaimed?
A practice had developed for councillors to order items for the council and reclaim as expenses. The RFO pointed out that VAT could not be recovered on invoices in the names of individuals and at the meeting on 19 December 2022 the council agreed that all future purchases would be made by the clerk in the name of the council (minute 22/233). VAT on payments is shown in a separate column on the Listing of Payments by Code / cost centre report in Scribe. VAT on 2022/23 payments totals £3840.95. VAT refunds in the year totalling £7757.07 (account code 140) comprises a refund of 2021/22 VAT of £4370.58, received 11/05/22, and £3386, received 06/03/23, for the year to end of Feb 2023. VAT for the March 2023 of £454.46 will be claimed in 2023/24 based on the excel spreadsheet of VAT for the year. From 01/04/23 the Scribe VAT reclaim tools will be used through making Tax Digital.
- Is s137 expenditure separately recorded and within statutory limits?
Scribe account code 910 has £60 for a Poppy wreath but the council has the General Power of Competence anyway.

C Risk Management

- Does a scan of the minutes identify any unusual activity?
Neighbourhood Plan as a standing item each month; Acquiring a parcel of land at the nature reserve (mostly discussed under Matters Arising; Community Shop Project and lease with the council (22/075, 22/107, 22/140), Village Pump license (22/174, 22/193, 22/208), Co-option (22/237, 23/011), Coronation Event (23/015, 23/033), Pavilion Field Drainage and Car Park project (23/035), Pavilion changing rooms project (23/050).
- Do the minutes record the council carrying out a risk assessment?
Yes. A strategic risk assessment was adopted at the meeting 20 June 2022 (minute 22/130). A suite of other risk assessments were approved at the meeting on 16 May 2022 (minute 22/089) for play area and playing field, footpaths and public benches (which overlap a little), cleaning the ha-ha drain, litter picking and cleaning the pavilion toilet area, H&S at work (assessments and guidance for activities undertaken by staff and council volunteers), COSHH, legionnaires disease, and a fire risk assessment for the pavilion and public toilet (public buildings). A risk assessment for the Gosfield Nature Reserve is being developed.
- Is insurance cover appropriate and adequate?
Yes. Policy with Ansvar renewed 1 October 2022. Cover for public and products liability, employers' liability, trustee and director indemnity, personal accident, fidelity guarantee, reputational risk, legal expenses, and all risks

insurance. Property Damage for Municipal Infrastructure (£345,000 total cover for street furniture, play equipment, war memorials, gates and fences etc), the Pavilion building £525,000, Tractor Shed £17250. Property damage cover for the pavilion will be increased at the 2023 renewal to take account of the building improvement project to accommodate the Community Shop.

- Are internal financial controls documented and regularly reviewed?
The division of duties between the clerk, chair and former RFO provide strong internal financial controls. The clerk and chair have entered transactions into excel spreadsheets and the chair and RFO have input entries to Scribe. Bank reconciliations are prepared each month by the former RFO and checked by the chair, but ideally bank reconciliations should be checked by a councillor who is not a signatory. The Scribe system prepares clear actual v budget reports which were not available until late this financial year but will be an excellent tool in 2023/24. The chair calculates salary (and back pay) which is checked by the clerk before submissions to the external payroll provider. No cash is handled.
- 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., Skate ramp removed due to safety concerns (minute 22/077, 22/105), bank signatories confirmed (minute 22/087), ROSPA play safety report (Minute 22/135), playquip report and agreement for inspection every two weeks (minute 22/168), close monitoring of budget lines (minute 22/233), arrangement of EICR (minute 23/049).

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
The clerk requested budget items at the meeting 17 October 2022 (minute 22/201.2) which was discussed by the Finance working group on 30 November 2022. The proposed expenditure requirement and budget was presented to the council at the meeting on 16 January 2023 (minute 23/008) and a precept of £40080 was agreed (minute 23/009).
- Is actual expenditure against the budget reported to the council?
A summary of Actual Income and Expenditure from the excel spreadsheets was used at the finance working group meeting on 30 November 2022 as a basis for precept deliberations. In 2023/24 the councillors will have greater access to AvB reporting using the Scribe reports. Expenditure from grants is specifically monitored to enable reporting to the funders. Separate spreadsheets are maintained to record expenditure against each grant. Again this will be more straightforward on Scribe if each grant has its own cost centre. An issue in respect of the NP grant spend was reported to council in September 2022 (minute 22/182) and the funder appears to have accepted the report.
- Are there any significant unexplained variances from budget?
Actual income is £15873 more than budget, mainly due to VAT refunds £7757 and grants/donations £7460. Actual expenditure (ex VAT) is over budget by £7077, primarily the activities that spent the grants. Reserves are just under twice the precept and included EMR for planned improvement projects in the parish, which are carefully monitored.

E Income Controls

- Does the council have sources of income other than precept and VAT?
BDC Street Scene, Grass cutting contracts (Eastlight & ECC), sale of maps, Grapevine advertising, Allotment plot fees, contributions towards pavilion utility bills, playing field car park donation, grants (NP, Rowson Trust, ECC and Locality) and interest. At its meeting on 20 February 2022 the council agreed to increase allotment rents in October 2023 (minute 23/034). At its meeting 20 June 2022 the council agreed to issue fishing licences at the nature reserve for £40 per year (minute 22/133) but a system does not yet appear to be in place for applying, issuing licences and enforcing.
- How does the council ensure that all income due is collected?
*Allotment rents: The 19 plot holders are invoiced in October (minute 22/204). A separate spreadsheet records the plot number, plot size, name and rent due (based on plot size price per square metre) plus a contribution towards hedge cutting. The amount and date paid are recorded and o/s amounts chased. At the year end the spreadsheet agrees to the Scribe balance being total invoiced less amounts either void or o/s at the year end.
Grapevine invoices: There is a separate spreadsheet to record invoices issued to advertisers and to monitor receipts. Outstanding invoices are chased: there was one outstanding at the year end, now settled. The spreadsheet agrees to the Scribe balance being total invoiced this year plus an o/s amount from previous year, less o/s at end of this year.*
- Is income properly recorded and promptly banked?
Most income is received by direct credit. Allotment plot fees are very rarely paid by cheque and banked at the post office as soon as practical.
- Does the precept recorded in the cash book agree to the district council's notification?
Yes. Precept total £36931 received as £18466 in April and £18465 in September 2022.
- Are security controls over cash adequate and effective
No cash is handled.

F Petty Cash No Petty cash is held.

G Payroll Controls

- Do salaries paid agree with those approved by the council?
Yes. At the start of the year the clerk worked 12 hours per week on SCP 17. The clerk's contract was discussed at the Personnel committee meeting in 7 June 2022 (minute 22/119) and changes approved at the full council 20/06/22 minute 22/141. The hours were increased to 13 per week, still on SCP17, with up to an additional one hour per week for training whilst undergoing training for the RFO role. NJC pay awards were announced in October and back pay for 2022/23 were paid in November 2022. The vice chair calculated the backpay due from 01/04/22, which was checked by the clerk and RFO before being sent to the payroll provider. The council also employs a cleaner and a litter picker on minimum wage, and they are paid for the hours worked. AGAR box 4 is the sum of Scribe account codes 210 and 250.
- 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. 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 7 June 2022 (minute 22/118) and the clerk's appraisal of other staff was reported to the same meeting (minute 22/116). The clerk supervises the cleaner and litter picker. All staff keep time sheets which go to the chair. The clerk's extra hours for training have been approved by the chair. Throughout the year clerk has regular 1:1s with the chair. Peaks and troughs in workload are mostly 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 2011 and over the years the costs have been replaced with insurance values at different times. A significant amount of work has been undertaken in the past to verify and photograph the assets owned by the council. Further work will be undertaken in 2023/24 to restate the AGAR value so that it better reflects the actual cost of the assets. The council owns a significant amount of land and the Land Registry documentation now shows the land as being held in the name of the parish council.
- 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 £586699.57, purchases total £3667.83 (Speed gun £1800, Play equipment £1866.83, Gift of new Memorial £1), disposals £24611 (Skate ramp £14611, Old Memorial £10000), closing balance £565756.40.
- Do asset insurance valuations agree with those in the asset register?
There are no insurance values on the asset register. In conversation with the chair and RFO, it is believed the updated insurance for the pavilion in October 2023 will be sufficient to cover a total loss. The insurance value of all the other assets (street furniture, war memorial, maintenance equipment, etc.) is treated as municipal infrastructure by the new insurer and the cover seems sufficient.

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 bond). On 21/10/22 the Cambridge & Counties savings account was closed and the balance used to purchase a one-year bond earning 3.3%.
- 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.

K Council Exempting itself from a limited assurance review

- Did the council meet the criteria?
No. Gross income and gross expenditure in 2021/22 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.

Payments are embedded in the minutes

M Public Rights in Summer 2022

The council agreed the dates for the period for the Exercise of Public Rights commencing 13 June 2022 and ending 22 July 2022 and displayed the notice [accounts-public-rights-2021-20 \(e-voice.org.uk\)](https://e-voice.org.uk/accounts-public-rights-2021-20)

N Publication of Annual Return 2021/22

The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).

<https://e-voice.org.uk/gosfield/assets/documents/agar-2021-2022>

<https://e-voice.org.uk/gosfield/assets/documents/accounts-2021-2022>

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
1 June 2023