

**GOSFIELD PARISH COUNCIL
INTERNAL AUDIT 2020/21**

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. The RFO is training the clerk to use the Scribe Accounting package (minute 20/132) which will be used to keep the accounts for 2021/22
- Is the cash book arithmetic correct?
Formulae can be used to check the cross-cast totals in the worksheets
- 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 18 May 2020 (minute 20/084 items K and F).
- Has the council adopted other policies and procedures?
During the year the council adopted an Accessibility Statement and Privacy Statement at its meeting on 20 April 2020 (minute 20/067), Social Media Policy and COVID Risk Assessment at its meeting on 19 October 2020 (minute 20/188), and a GDPR Policy at meeting 14 December 2020 (minute 20/225). 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.
- 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 £500 to £1000; 3 quotes for amounts £1000 to £50,000. The implication is that contracts above £50,000 in value are subject to full tender, however section 18 of the SO specifies that contracts with an estimated value below £25,000 are exempt from a tendering process. The Financial Regulations also make no reference to The Public Contracts Regulations 2015 and the use of Contract Finder. I would recommend that a more recent version of the model document is adopted at the next review of Financial Regulations. During the year, quotes were obtained for a variety of purchases including Bowser (minute 20/069), play area maintenance (minute 20/121), replacement / repair of play equipment (minute 20/134), GNR schedule of works (minute 20/138), play area fencing (minute 20/216), speed watch camera (minute 20/227), car parking soakaway (minute 20/235).

- 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. After approval at the meeting, the vice chair sets up the payments on the Barclays account for authorisation by the second signatory. Due to COVID and no face-to-face meetings, the lists have not been signed by the chair and the source documents not initialled; This practice will be reintroduced in 2021/22 once meetings in person resume.
- 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 check 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 £577.24 was received in August 2020 being VAT on payments for 2019/20 (minute 20/117.2). Total VAT on payments in 2020/21 (per column E) is £4,832.68 of which £3761.02 was reclaimed during the year (received January 2021) leaving a balance at the year-end of £1071.66 which was claimed and received in April 2021.
- Is s137 expenditure separately recorded and within statutory limits?
Grants are made under the General Power of Competence as agreed by the council at its meeting on 1 June 2020 (minute 20.055).

C Risk Management

- Does a scan of the minutes identify any unusual activity?
Change of accounting system: Scribe package (20/132); War memorial gifted to the council (20/136); insurance claim after break in (20/139); Neighbourhood Plan (20/155, 20/187, 20/205, 21/041); plans for extension to the Pavilion (20/224, 21/025, 21/041); legal licence agreement with the Playing field Management Committee (21/012, 21/025, 21/042).
- Do the minutes record the council carrying out a risk assessment?
There are risk assessments for activities (cleaning the ha-ha drain, litter picking, cleaning the pavilion toilet area, skate ramp, zip wire) were approved at Meeting 17 August 2020 (minute 20/140). A strategic risk assessment will be adopted by the council in June 2021. A fire risk assessment, and a suite of other risk assessments, for the pavilion were approved at the May 2021 meeting.

- How is the Council assessing the risks presented by COVID19?
The last physical meeting was February 2020. The March meeting did not take place. The April meeting was a record of decisions made by email and meetings from May onwards were by Teams. Clerk had delegated powers to make decisions and kept councillors informed by email (minute 20/064). Play areas and the pavilion were closed in lockdown one and reopening discussed at meeting 20 July 2020 (minute 20/134) after completion of repairs. Outdoor activities were agreed in line with COVID restrictions e.g., cake stall (minute 20/156). A COVID Risk Assessment was approved at the meeting on 19 October 2020 (minute 20/188). Councillors took a lead role in supporting the community with shopping and prescriptions.
- Is insurance cover appropriate and adequate?
Yes. Policy with RSA through CAS brokers for period 1 October 2020 to 30 September 2021 approved at meeting 19 October 2020 (minute 20/184) combined with cover for the Gosfield Nature Reserve previously under a different policy. This is the penultimate year in a long-term agreement ending 30 September 2022. 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.
- 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. Vice chair calculates salary which is checked by the RFO before submissions to the external payroll provider, and also overseen by the Personnel committee. The vice chair checks the RFO bank reconciliations. Source documents and payments lists have not been signed/initialled this year because of COVID but will be reintroduced when face to face meetings resume. Councillors review actual against budget at least twice a year. During the year there is a confirmation that the council spend is currently on budget (minute 20/202) and reference is made to budgets when approving quotes (20/216) which shows an awareness of financial position. The council is arranging for the clerk to have read only access to the bank statements (minute 20/153.2).
- 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 and in conversation with the clerk, vice chair and RFO, I am assured that the actions in the management column are undertaken. The minutes include confirmation of actions being undertaken e.g., Tree works discussion (minute 20/100, 20/191); ROSPA play safety report (minute 20/121); inspection of assets and report on condition (minute 20/157), creating a licence agreement with the Playing Field Management Committee (minute 21/042).

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
Budget was discussed and the precept of £35805 was agreed at the meeting on 18 January 2021 (minute 21/008). Precept form is for £35877 being Expenditure requirement of £41707, CTC £494, and other income £5336.

- Is actual expenditure against the budget reported to the council?
The cash book includes an "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. This will be quarterly in future years.
- Are there any significant unexplained variances from budget?
The notes column (at the precept meeting) explains the variance. The main variances relate to capital expenditure (Play equipment and a grass cutter) that were afforded by grant income. Income and expenditure are both over budget.

E Income Controls

- Does the council have sources of income other than precept and VAT?
BDC Street Scene, Grass cutting contracts (Greenfields, ECC), Grapevine advertising, Allotment plot fees, contributions towards pavilion utility bills, grants, donations and interest. It is noted at the meeting on 16 November 2020 that all allotment rents have been received (minute 20/202). The council is active in its applications for external funding (e.g., minutes 20/227 Rowson Fund, 20/134 Locality budget)
- Is income properly recorded and promptly banked?
Most income is by direct credit.
- Does the precept recorded in the cash book agree to the district council's notification?
Yes. Precept total £35494 received as 2 x £17747 (April & Sep 2020) plus a Collection Fund surplus of £453 received with first instalment. (£18200 and £17747).
- Are security controls over cash adequate and effective
One cash receipt during the year: £32 for sale of maps.

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 16. The NALC pay increase, back dated to 01/04/20, was agreed at the Personnel Committee meeting on 27 May 2020 (minute 20/109). The clerk's working from home allowance was not increased. At the Personnel Committee meeting on 23 March 2021, the council agreed to increase the clerk spinal point to SCP17 from 1st April 2021 and to cease the working from home allowance, instead moving to an expenses claim system. The council also employs a cleaner and a litter picker on minimum wage, paid for the hours worked.
- 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. No

staff have been furloughed (minute 20/065). Clerk was part of the pension scheme during the year (minute 20/109.3) but has opted out at the year end (minute 21/051). Workplace pension / monthly deductions were paid to B&CE Holdings throughout the year

- What controls exist over management of staff time and duties?
Clerk appraisal was undertaken by the Personnel committee on 27 May 2020 (minute 20/108) and 26 March 2021 (minute 21/050). Appraisal of other staff is undertaken by the clerk (minutes 20/107 and 21/049). 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 appears to have been adjusted for a reduction in 'value' of £66,912. The AGAR figure should be cost and not adjusted for value. The assets that make up of the opening figure of £579,550 are unknown. There are no 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 £573612.80, purchase of £12329.13, closing balance £585941.93. The clerk, vice chair and RFO are working on the asset register to enter the opening figures onto the Scribe system. A significant amount of work has been undertaken to verify and photograph the assets owned by the council. A prior year adjustment may be needed in 2021/22.
- Do asset insurance valuations agree with those in the asset register?
Property damage insurance cover is for the pavilion building which is insured for £408,656.38 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. A new valuation could be sought once the extension has been completed. The insurance value of all the other assets (street furniture, play equipment etc) will be established as part of the review and the total cover of £250,000 adjusted if necessary.

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 2019/20 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 2020

The council agreed the dates for the period for the Exercise of Public Rights commencing 22 June 2020 and ending 31 July 2020 and displayed the notice (minute 20/117.6) [public-rights-unaudited-2020 \(e-voice.org.uk\)](https://www.e-voice.org.uk/public-rights-unaudited-2020)

N Publication of Annual Return 2019/20

*The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).
[agar-2019-2020 \(e-voice.org.uk\)](https://www.e-voice.org.uk/agar-2019-2020)*

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
27 May 2021