

GOSFIELD PARISH COUNCIL INTERNAL AUDIT 2023/24

A Proper Bookkeeping

- Is the cash book maintained and up to date?
Yes. Cash book is 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 15 May 2021 (minute 23/084 G & M).
- Has the council adopted other policies and procedures?
During the year the council adopted policies and procedures at its meeting on 15 May 2023 (minute 23/084) and 16 Oct 2023 (minute 23/234). Adopted Policies and key documents are on the website. [Council Documents/Policies - Gosfield Parish Council \(e-voice.org.uk\)](https://www.gosfieldparishcouncil.org.uk/Council-Documents/Policies)
- Has a Responsible Financial Officer been appointed with specified duties?
Yes. Richard Edwards was appointed as RFO at the meeting on 19 June 2023 (minute 23/088) and was later co-opted as a councillor (minute 23/144).
- Have items or services above a de minimis amount been competitively purchased?
Regulation 4.1 allows payments by the clerk of up to £1500 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, budgets, estimates and quotes or below £3000 were agreed for a variety of purchases including new village sign (23/066), payroll provider (23/071), tree works (23/072, 23/158, 23/193.4, 23/259), Allotment grass cutting (23/132), skip hire (23/153), play equipment repairs (23/157, 23/179), gutter clean and replace (23/183, 23/220), clear vegetation (23/223). There have been 2 payments in the year in excess of £3000 in respect of pavilion improvements (23/073), for which 3 quotes were reviewed. At its meeting on 25 March 2024, the council agreed budgeted spend of up to £6768 for NP (from grant funds) before 31/03/24 (minute 24/061). Two new large projects, each of which may exceed £25000 in costs, were discussed during the year: car park works (23/182, 23/207, 23/289 spec finalised?) and fencing (23/206, 23/229, 23/288, 24/048). [Tender briefs and documentation are being prepared. These will need to be issued by a proper officer of the council in 2024/25 and the tender process for contracts over £25,000 as outlined in the Financial Regulations will be followed.](#)
- Are payments in the cash book supported by invoices, authorised and minuted?
There is a Finance item in each month's minutes where a list of payments is approved. The presentation changed during the year with the list for approval embedded in the minutes until June 2023, and attached as an appendix from

then onwards. Invoices are validated on receipt by the chair and placed into the monthly folder. The weekend prior to the meeting, the chair enters the invoices the scribe system which creates a 'Payments awaiting authorisation list' attributing a number to each payment. The numbers are written on the source documents. The list and source documents are reviewed by the RFO who checks the VAT entries and account codes. The pack is scanned and emailed to councillors the day before the meeting. Three hard copy packs are taken to the meeting for councillors without email. At the meeting the payments are approved and the chair signs a hardcopy of the list in accordance with FR5.2. There are no other initials as evidence of scrutiny on the list or on the source documents. After approval at the meeting the chair sets up the payment on Barclays system and a second councillor, usually the vice chair, authorises release of the funds.

- Has VAT on payments been identified, recorded and reclaimed?
VAT on payments is shown in a separate column on the Listing of Payments by Code / cost centre report in Scribe. VAT on 2023/24 payments totals £6492.13. VAT refunds (account code 140) totalling £5785.89 is for the period 01/03/23 to 29/02/24 (minute 24/048). VAT for March 2024 will be reclaimed in 2024/25.
- Is s137 expenditure separately recorded and within statutory limits?
Scribe s137 payments account code 910 has £310 being £60 for a Poppy wreath and £250 for WASC, but the council has the General Power of Competence (minute 23/147).

C Risk Management

- Does a scan of the minutes identify any unusual activity?
Neighbourhood Plan as a standing item each month; Acquiring parcels of land (23/171, 23/197, 24/013); Updating land registry for council property (23/119.2), Community Shop lease and permissions (23/134, 23/173, 23/181, 23/202), Permission to use council land (23/149, 23/196), Co-option (23/1441), Agreement with Playing Field Management committee (24/050).
- Do the minutes record the council carrying out a risk assessment?
Yes. A strategic risk assessment was adopted at the meeting 15 May 2023 (minute 23/084). A suite of other risk assessments were approved at the same meeting for play area and playing field, footpaths and public benches (which overlap a little), cleaning the ha-ha ditch, 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).
- Is insurance cover appropriate and adequate?
Yes. Policy with Ansvar renewed 1 October 2023 (minute 23/192). 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 (£421,820 total cover for street furniture, play equipment, war memorials, gates and fences etc), the Pavilion building £723,120, Tractor Shed £24,104.
- Are internal financial controls documented and regularly reviewed?
All councillors receive the payments list and source documents but there is no evidence of scrutiny. In an electronic payments system we no longer have cheque counterfoils as referred to in FR6.5 but initials on the source document would serve the same evidence purpose. *If the council wishes to strengthen*

its evidence of scrutiny, a councillor other than the chair or RFO, could initial source documents and items on the payments list to confirm that they have been reviewed and agreed. Bank signatories were agreed at the meeting on 15 May 2023 (minute 23/082). Bank reconciliations are prepared each month by the RFO and checked by the chair: quarterly reconciliations are minuted as approved at council meetings (minutes 23/118.5, 23/143, 24/008). NOTE that FR2.2 requires quarterly bank statements and bank reconciliations to be signed by a councillor who is not the chair or a signatory. The Scribe system prepares actual v budget reports which are reviewed as part of the precept setting. The RFO also prepares ad hoc reports of interest to councillors on fundraising events and expenditure from grants. A quarterly update on A v B provided to councillors at the same time as the bank reconciliation is approved might improve internal controls, although I take the point that not all councillors engage well in financial reports. Payroll is outsourced adding a layer of internal control to pay calculations. Small amounts of cash are handled. Wherever possible these should be paid direct into the GPC bank account.

- 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. Working groups were appointed to inspect assets (23/087) which is excellent. It is noted that these inspections are monthly and that perhaps a weekly check for obvious hazards such as glass / drug paraphernalia, could be included in the litter picker schedule. The minutes include confirmation of other actions being undertaken e.g., ROSPA report (23/122), Asset management (23/133), training (23/154, 23/194), Asset inspection reports and actions (23/203), tree inspection report and actions (23/204). The council has entered into agreements this year in the form of a lease (part of the Pavilion Building) with the Community Shop CBS and an agreement with the Playing Field Management Committee for remainder of the pavilion building and playing field land with some specific exclusions. These clearly set out rights and responsibilities of the various parties. The council has also given permission this year for use its land (minutes 23/149, 23/173, 23/196) on a temporary / medium term basis. The permissions to the Pub and fete committee are clearly temporary. Permission for the land to the rear / side of the Pavilion to be developed as a Coronation Garden (and for use as a shop refreshment area), seems more permanent. I would recommend that an agreement of some sort is put in place to clarify responsibility for activities on that land for insurance purposes, and ensure that no permanent rights are conferred on the user(s).

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
The RFO gave a progress update on the 2024/25 figures at the meeting on 18 December 2023 (minute 23/271). There were detailed discussions at the Finance Working Group meeting on 5 January 2024. At the meeting on 15 January 2024 the council agreed and a budget and precept of £44,499 (minute 24/012).
- 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 5 January 2024 as a basis

for precept deliberations (figures taken from the Scribe reports and presented in a format familiar to councillors with notes in the right-hand column). Expenditure from grants is specifically monitored to enable reporting to the funders. Separate spreadsheets are maintained to record expenditure against each grant: the underspend on the NP grant will need to be returned in 2024/25 before the next application can be submitted.

- Are there any significant unexplained variances from budget?
Overall, the total reserves have reduced by £2508, in part as a result of NP costs not covered by the grant (23/063.1) but also other small net overspends. In general, a well-controlled year. At the year-end £45130 of the total reserves of £68163 are earmarked. This is a mix of grants held for restricted purposes (NP, Coronation Garden), EMR for council contingencies (election, locum, legal fees, grass cutting), and funds for council projects or sinking funds (pavilion, Streetlight replacement, Nature reserve, trees, Car Park, Fencing). The council does not have sufficient reserves to cover the costs of its total project wish list so will need external funding/ s106 money or a reappraisal of its EMR to finance projects in 2024/25

E Income Controls

- Does the council have sources of income other than precept and VAT?
BDC Street Scene, Grass cutting contracts (Eastlight & ECC), Grapevine advertising, Allotment plot fees, contributions towards pavilion water bills, grants and donations from golf day and others (fence project, play area, tree survey), grants (NP, Fencing, Skip) sale of maps, and interest.
- How does the council ensure that all income due is collected?
Allotment rents: The 19 plot holders are invoiced in September. 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 total is less than the Scribe balance: assumed to be an o/s amount from previous year.
Grapevine invoices: Regular advertisers are invoiced in April for the whole year. New advertisers are invoiced to 31 March 2024. There is a separate spreadsheet to record invoices issued to advertisers and to monitor receipts. The invoices for 2024/25 look to have been issued prior to the year-end as there is an additional £1293.63 (£3799.67 less £2484.04 less £22) received.
- 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. Small amounts of cash have been received for sales of maps and mugs (see below).
- Does the precept recorded in the cash book agree to the district council's notification?
Yes. Precept total £40080 received as £20040 in April and September 2023.
- Are security controls over cash adequate and effective
The only cash handled relates to sales of maps and mugs. Amounts are minimal. The chair takes responsibility for the cash and obtains a signed voucher from the shop before banking to her personal account and making a transfer to the PC bank account. Although this arrangement is not ideal, it is a pragmatic approach to dealing with the closure of local bank branches. *It may be worth exploring a Barclays paying in card which will enable banking at the post office.*

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 13 hours per week on SCP17. The council also employs a cleaner and a litter picker on minimum wage, and they are paid for the hours worked. NJC pay awards and back pay for 2023/24 were noted at the meeting on 20 November 2023 (minute 23/243.1) and paid in November 2023. The backpay is calculated before sending to the payroll provider. AGAR box 4 is the sum of Scribe account codes 210 (staff net pay) and 250 (PAYE & NI). Code 260 (Pension) is zero.
- 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 chair sends an email to confirm the hours worked and gross pay each month. Clerk has opted out of the pension scheme 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 December 2023 (minute 23/262) and the clerk's appraisal of other staff was reported to the same meeting (minute 23/261). The clerk supervises the cleaner and litter picker. All staff keep time sheets which go to 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 kept as an excel file. It 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. During the year the assets have been added to the Scribe asset register but it is still a work in progress.
- 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 £565756.40, purchases total £798.48 (Fencing £723.48 plus installation £75), PYA £9, disposals none, closing balance £566563.88.
- 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, a total loss valuation for the pavilion has been calculated and the insurance cover of £723,120 is sufficient. The cover for the tractor shed is £24,104 and Municipal infrastructure (play equipment, street furniture, war memorial, fences contents and equipment, etc.) is £421,820. The chair and RFO are satisfied with these levels of cover. *However, without insurance reinstatement costs alongside each of the asset items in the register, I am not in a position to make an assessment.**

I Bank Reconciliation

- Is there a bank rec for each account?
Yes. One reconciliation covers the 4 bank accounts (Barclays current account, Barclays deposit account, Cambridge & Counties 95-day notice account and Cambridge & Counties 2 year bond). During the year the 1-year C&C bond matured and the council agreed to invest £45,000, £25,000 in a 95 day account at £4.3% and £20,000 in a 2 year account at 5% (minute 23/168).
- 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 2022/23 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 relevant legislation.
Payments are embedded in the minutes for the first 2 months and thereafter appended to the minutes.*

M Public Rights in Summer 2023

The council agreed the dates for the period for the Exercise of Public Rights commencing 26 June 2023 and ending 4 August 2023 and displayed the notice <https://e-voice.org.uk/gosfield/assets/documents/public-rights-2023>

N Publication of Annual Return 2022/23

*The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).
<https://e-voice.org.uk/gosfield/assets/documents/aga-2022-23>
<https://e-voice.org.uk/gosfield/assets/documents/accounts-2022-23-2>*

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
3 June 2024