

## GREAT BRAXTED PARISH COUNCIL INTERNAL AUDIT 2023/24

### A Proper Bookkeeping

- Is the cash book maintained and up to date?  
*The cash book is an excel spreadsheet where Receipts are entered at the top of the worksheet and Payments below (from line 30). Receipts in green text relate to ring fenced funds (Pavilion Project). Payments are split across headings to analyse costs by type so they can be compared against budget. Spreadsheet is updated as the 'Accounts for payment' sheet is prepared and finalised in time for the bi monthly meetings. An Annual Return tab picks up the cash book totals for the AGAR.*
- Is the cash book arithmetic correct?  
*Yes, Excel spreadsheet*
- Is the cash book regularly balanced?  
*Yes, Formulae are used to reconcile to the bank balance.*

### B Financial Regulations, Standing Orders and Payment Controls

- Has the council formally adopted standing orders and financial regulations?  
*Yes. Standing Orders and Financial Regulations approved at the meeting 18 May 2023 (minute 23/11).*
- Has the council adopted other policies and procedures?  
*Yes. Approved at the meeting 18 May 2023 (minute 23/11, and also 23/76 re EMR) and at meeting 12 March 2024 (minute 23/120 re Procurement Policy and Biodiversity Policy). Policies are on the Great Braxted PC website. [Council Policies - Great Braxted Parish Council \(e-voice.org.uk\)](http://e-voice.org.uk)*
- Has a Responsible Financial Officer been appointed with specified duties?  
*Yes. The clerk is the RFO. The job description specifies the duties.*
- Have items or services above a de minimis amount been competitively purchased?  
*Financial Regulations (4.5) specify the clerk has delegated power to approve up to £500 in cases of extreme risk to the delivery of council services, or in conjunction with the chairman (FR 4.1). The clerk has also been given authority to make payments to an agreed list of regular contractors, which are then reported to the council. Section 11h requires 3 estimates for contracts between £100 and £3000, 3 quotes for contracts between £3000 and £25,000. The implication is that tenders are required for contracts over £25,000 which agrees with section 17 of SO. The minutes refer to estimates or quotes being obtained for a new gate, rubbish clear, tree works (minute 23/33), hedge works (minute 23/41), litter bin (minute 23/51), VAS signs, fencing, hedging (minute 23/74), fencing, signs (minute 23/88). Four large contracts were delivered by the council this year in respect of the pavilion project:*
  1. CN Electrical (40% deposit in Oct £2838.78 plus balance in Nov £4258.17 and extras £358.60).
  2. AM Landscaping (£6660 in December)
  3. J Goody (loft insulation in Nov £3000 and decorating in Nov £7110)
  4. All Colour Windows and Doors (facias and soffits in Nov £5390 and cladding 25% deposit in Oct £6248.75, plus balance in Nov £18746.25 and Extras £375 & £395).*None of the projects was over £25k so a full tender process was not required (project 4 was £24995). All are over £3k requiring 3 written quotes. An*

*extraordinary meeting was held on 20 Sep 2023 to evaluate the quotes for these Pavilion projects (minutes 23/52 and 23/63). It was agreed to take a shortfall of £5k from general reserves in respect of the project, plus £11k for additional works. All of the work on the pavilion has been gifted to the charity.*

- Are payments in the cash book supported by invoices, authorised and minuted?

*An 'Accounts for Payment' item in the minutes approve the payments. In advance of each meeting, councillors are emailed the 'Accounts for payment' sheet showing date, supplier, item description, amount ex VAT, VAT, total, and a column for authorisation number. The clerk sets up the payments on Unity and types the payment reference number in the authorisation column, or notes if paid by cheque or DD. The Accounts for Payment sheet is signed at the meeting and the source documents are initialled as evidence of scrutiny by councillors. All but one of the councillors are signatories on the Unity Trust Account: two of them authorise the payments online after they are approved at the meeting. The non signatory signs off the bank reconciliations. On the published minutes staff costs is shown as a single figure.*

- Has VAT on payments been identified, recorded and reclaimed?

*Yes. Payments with VAT included are recorded in a separate spreadsheet (VAT return back up) which pastes information from the Accounts for Payment sheets and builds through the year as a basis of claims from HMRC. There is also a VAT column on the cash book to act as a control. A reclaim of £796.74 was received 19<sup>th</sup> July 2023 being £42.07 relating to March 2022 plus £754.67 on 2022/23 payments. VAT was reclaimed more frequently than annually during 2023/24 because of the increased expenditure relating to the pavilion project. There were receipts in October 2023 (£884.98), November 2023 (£2756.22), December 2023 (£8576.18) and February 2024 (£526.98), covering the period to 31<sup>st</sup> January 2024. VAT on payments for the Feb and Mar 2024 will be reclaimed in £2024/25.*

- Is s137 expenditure separately recorded and within statutory limits?

*There is only one payment s137 a wreath costing £25, which is within statutory limits. A payment of £160.50 to Wickham Bishops PC appears in the same column in the cash book but relates to shared costs of a Remembrance service, as does a payment of £78.08 to Little Braxted PC towards costs of cleaning the war memorial. These are not s137 payments. A grant to Beacon Hill Football Team of £50 was agreed at the meeting on 12/03/24 (minute 23/119/2) but will not be paid until 2024/25. Conflict of interest recorded and no part in decision making.*

## **C Risk Management**

- Does a scan of the minutes identify any unusual activity?

*PC becoming a sole trustee of Pavilion charity (23/19), Pavilion project – major capital works and external grant funds received (23/34, 23/40, 23/54, 23/63, 23/71, 23/86, 23/114); potential increase in number of councillors (23/14).*

- Do the minutes record the council carrying out a risk assessment?

*Yes. The risk assessment was approved at the meeting on 18 May 2023 (minute 23/12). A fire risk assessment of the pavilion was referenced at the meeting on 12<sup>th</sup> March 2024 (minute 23/114) which raised some concerns. It is noted that the council is not responsible for the pavilion until, or if, it becomes the sole trustee of the charity.*

- Is insurance cover appropriate and adequate?  
Yes. Policy with BHIB renewal 1 June 2023 (minute 23/16). An additional premium was paid after renewal to increase the property damage cover for play equipment. Insurance cover for Property Damage, Money, employer's liability, public and products liability, fidelity guarantee, libel and slander, officials' indemnity, personal accident and legal expenses.
- Are internal financial controls documented and regularly reviewed?  
A councillor was appointed at the meeting on 18 May 2023 to do quarterly sign off the bank reconciliations (minute 23/9). The minutes note the signing of the bank recs to meet the requirements of FR2.2 (minutes 23/16.2, 23/52.2, 23/75.2, 23/89.2): the reconciliations and the bank statements are signed. Regular payees were approved at meeting 18 May 2023 (minute 23/17.2). Payments for approval lists are checked and signed and source documents are initialled as evidence of scrutiny. Comparison of actual against the budget are noted in the minutes at meetings in September, December and March? Payroll is managed in house by the clerk. Time sheets and expenses claims are sent each month to councillors and most (not Sep, Oct, Dec, Jan) are on file and initialled each month as part of the payment scrutiny. *There is no evidence that a councillor checked that calculation of back pay in the December salary and I would recommend this is done in future years.* No cash is handled, which reduces financial risk.
- Are all risks identified and actions undertaken to mitigate risks?  
The Financial Risk Assessment has columns for Service Area, Risk and Recommendation. It is in the format of a procedures / task list and is comprehensive in scope in respect of financial risks. *When it is next reviewed, it might be worth considering an assessment of non-financial risks such as loss of key staff, business continuity and reputational risks to the council.* The minutes record a number of mitigating actions: approval and amendment of bank account signatories (23/9), tree works (23/33.4), control of reserves (23/63, 23/76), ICO application (23/75.4), training (23/22), transfer to a Uk.gov domain name (23/120/3). There are good risk mitigation control measures for the playground/parks. There is the annual inspection and a councillor makes a monthly visual inspection of the play area and fitness equipment for immediate hazards such as broken glass, rabbit holes etc which are recorded on a form with columns for observations and whether action is required immediately, non-urgent or not at all. I am told that Wickham Bishops PC created the risk assessment for the Remembrance Event in November 2023.

## **D Budgetary Controls**

- Has the council prepared an annual budget in support of its precept?  
Yes. Draft budget discussed at the meeting on 14 Dec 2023 (minute 23/75) as well as an EMR policy (23/76). At the meeting on 18 January 2024 the council agreed a budget requirement of £14202 and precept of £13977 (minute 23/90). The Budget and Precept Report (agenda item 10.1 at January 2024 meeting), includes a spreadsheet showing draft budget forecast final position for 2023/24 and clear draft budget calculations for 2024/25.
- Is actual expenditure against the budget reported to the council?  
Yes. Actual v budget is reviewed by the council at the meeting on 14 Sep 2023 (minute 23/52.3) and thereafter quarterly (minutes 23/75.3 and 23/89.3). The draft Budget spreadsheet for 2023/24 includes detailed headings and variance lines.

- Are there any significant unexplained variances from budget?  
*Yes, due to the pavilion project. Budgeted expenditure of £10556 and actual exp of £108568. The additional expenditure is covered by grant income and timely VAT refund claims. Reserves have increased slightly from £18924 to £19497.*

## **E Income Controls**

- Does the council have sources of income other than precept and VAT refunds?  
*Pavilion cricket contribution to grass cutting (£225), Coronation grant (£4368), sales of Coronation mugs (13 x £7.80), CIF grant (£9000), Locality Fund grant (£2000), Enover Grant (£36936) and other pavilion project income (£29100), EALC Training Bursaries (£573.75). The council has not yet been asked to submit any financial monitoring in respect of the grants but this is likely to be required in the future in accordance with the T&C of grant. I would recommend setting up a spreadsheet to track which pavilion expenditure items have come from which grant.*
- Is income properly recorded and promptly banked?  
*All but four of the receipts are by direct credit. Cheques are posted to Unity Trust Bank with paying in slips (000007 to 000010)*
- Does the precept recorded in the cash book agree to the district council's notification?  
*Yes. Precept total £10231 received on 17 April 2023*
- Are security controls over cash adequate and effective  
*No cash is handled*

## **F Petty Cash Procedures**

*No petty cash*

## **G Payroll and Staff Controls**

- Do salaries paid agree with those approved by the council?  
*Yes. Council employs the clerk/RFO for up to 20 hours per month. If fewer hours are worked, the difference is taken as holiday so the monthly pay remains consistent. The NALC annual pay award (but not spinal point increments) is included in the contract and was noted at the meeting 14 Dec 2023 (minute 23/75.5). The back pay (£1 per hour for 8 months of 20 hours pm) was calculated by the clerk and during the IA I wrote the calculation on to the December pay slip to verify it as correct. However, there is nothing on file to evidence scrutiny of this calculation by councillors.*
- Are other payments to the clerk reasonable and approved by the council?  
*The clerk has a £9 per month home office allowance which is claimed with reimbursement for items such as travel, phone, stamps, etc., paid separately from salary.*
- Has PAYE / NIC and pensions been properly operated by the council as an employer?  
*The clerk uses HMRC basic tools for payroll and sets up the monthly net pay for authorisation by councillors. The monthly PAYE is included on the accounts for payment list but is paid quarterly to HMRC. This is noted on the Accounts for Payment list. The clerk has opted out of a pension scheme*

- What controls exist over management of staff time and duties?  
*Clerk keeps a time sheet which is sent to councillors each month: peaks and troughs in workload, and holiday, are managed within the monthly hours. An annual staff appraisal is good practice for all employers. One has not been undertaken in 2023/24 and is recommended for the coming year.*

## **H Asset Control**

- Does the council keep an asset register of all material assets owned?  
*Yes. The published Asset List is a very broad summary of property owned and managed by the council. The register has columns for category, description, purchase date, acquisitions, disposals, book value (AGAR 'cost') and Insurance Values. The council owns Playground Equipment, Clerk's Laptop, Fitness Equipment, Antique Village Pump, 3 acre field and Defibrillator. A breakdown of the totals for Playground Equipment and Fitness Equipment will be needed (not necessarily published) to deal with future disposals of individual items and remove them from the asset register.*
- Is the register regularly updated?  
*The asset register is updated at the year-end in preparation for insurance renewal. Opening AGAR balance is £105543, prior year adjustments totalling £1421 re bins, plaques and gates & fences (£464, £440 and £517), and 2023/24 additions £160 (litter bin at the field, part of £243.18), closing AGAR £107124.*
- Do asset insurance valuations agree with those in the asset register?  
*Insurance cover is higher than the values shown on the asset register. Part A (Property Damage) of the BHIB Insurance policy schedule in June 2023 originally had insured values of Contents £9000, Street Furniture £24,000, Gates and Fences £9000, Playground equipment £48000, War memorials £24000, Mowers and Machinery £6000, Sports Equipment £18584. The cover for play equipment was increased and an additional premium paid. BHIB provide standard cover for assets, even if not owned by the council (e.g. Mowers & machinery and war memorial). It is understood that the antique pump is covered under street furniture. The insurance value (replacement cost) column on the asset register has the same figures as the AGAR costs. The play equipment, fitness equipment, laptop and defib are recent purchases so AGAR costs may be a fair reflection of replacement cost. The replacement cost for the Antique Village Pump is unknown but the £24000 street furniture cover is probably sufficient.*

## **I Bank Reconciliation**

- Is there a bank rec for each account?  
*Yes. One bank account with Unity Trust.*
- Is the bank rec carried out regularly on receipt of statements? *Yes.*
- 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. Agree back to supporting paperwork. Source documents are filed in sections for each meeting at which they are approved.*
- 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?  
*Yes. Gross income in 2022/23 was below £25000.*
- Was the exemption certified at a meeting?  
*Yes. At meeting 18 May 2023 (minute 23/12.2).*
- Was the appropriate notice displayed?  
*Yes. <https://e-voice.org.uk/greatbraxtedparishcouncil/assets/documents/agar-2022-23-certificate-of-ex>*

#### **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. Minutes include full details of approved expenditure.*

#### **M Public Rights in Summer 2023**

*The council agreed the dates for the period for the Exercise of Public Rights commencing 5 June 2023 and ending 14 July 2023 and displayed the notice [agar-2022-23-notice-of-public \(e-voice.org.uk\)](https://e-voice.org.uk/agar-2022-23-notice-of-public)*

#### **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).  
[Annual Returns - Great Braxted Parish Council \(e-voice.org.uk\)](https://e-voice.org.uk/annual-returns-great-braxted-parish-council)*

#### **O Trustees**

- If the council is a trustee, has it met its responsibilities?  
*Great Braxted PC is not a sole trustee*

Jan Stobart, FCCA  
10 April 2024