

WAKES COLNE PARISH COUNCIL INTERNAL AUDIT 2022/23

A Proper Bookkeeping

- Is the cash book maintained and up to date?
Yes. Excel spreadsheet with several worksheets is maintained and updated each month. The separate worksheets for payments and receipts have columns to analyse the transactions by type. Totals are used to create the actual v budget comparison (Average Spend Worksheet) through the year. Worksheets entitled SOFA, Year End Rec and Annual Return use formulae to take figures from the Payments and Receipts tabs to create the year end accounts. The VAT reclaim tab is a control on payments column AB and is used to formulate the annual VAT claim.
- Is the cash book arithmetic correct?
Formulae are in place to control the cross-cast totals e.g., Payments and Receipts column G controls split across analysis columns
- 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 the meeting 4 May 2022 (minute 22/090).
- Are other policies in place?
Yes. Some were re-adopted at the meeting 4 May 2022 (minute 22/090) and others later in the year (minutes 22/121, 22/184, 22/204). Suite of policy documents on the Wakes Colne PC website. [Parish Council documents - Wakes Colne Parish Council \(e-voice.org.uk\)](http://www.wakescolnepc.org.uk)
- Has a Responsible Financial Officer been appointed with specified duties?
Yes. The clerk is also the RFO: this is specified in the job title and description of responsibilities. The council confirmed the clerk as its RFO at the meeting 4 May 2022 (minute 22/094).
- Have items or services above a de minimis amount been competitively purchased?
Financial Regulations (4.1) enables clerk, in conjunction with chairman, to approve items up to £500 and (4.5) enables clerk to approve spend up to £500 in cases of extreme risk to the council. Financial Regulation 11.1h specifies 3 estimates are needed for amounts £100 to £3000 and 3 quotes for amounts £3000 to £25,000. The implication is that tenders are required for contracts over £25,000 which agrees with section 18 of SO. During the year, the minutes refer to quotes being obtained for bus shelter (22/162) walks booklet (22/165), noticeboard (23/035), repaint telephone box (23/036), payroll contract (23/064). There is only one payment in the year (for the VAS) that is over £3000, which is the limit for estimates in FR 11.1h.
- Are payments in the cash book supported by invoices, authorised and minuted?
Financial Matters item in each month's minutes includes list of payments for approval and a monthly budget statement which is received and noted. The list shows the payee, reference of Cheque/DD/SO and amount (including VAT). Invoices are validated on receipt by the clerk and entered into the payment's worksheet. The amount is added to the list of payments on the agenda, a cheque written and the cheque number marked on the source document. The

clerk takes the cheque book, source documents, payments list and actual v budget (Ave Spend worksheet) summary to the meeting. Two signatories place their initials on the payments list, the cheque stub and the source document as authorisation.

- Has VAT on payments been identified, recorded and reclaimed?
Yes. VAT is recorded in a separate column in the 'payments worksheet'. Items are cut and pasted into the VAT reclaim worksheet where Suppliers VAT number is added. The unclaimed VAT of £1554.07 for 2021/22 was received on 29 April 2022. Total VAT on payments in 2022/23 (per column AB) is £1630.47 which will be recovered in 2023/24.
- Is s137 expenditure separately recorded and within statutory limits?
There is a separate grants column in the payments tab. The total this year is £900 being £500 to Chappel PC and £350 to Chappel & WC station adopters (as agreed at meeting on 3 November 2021 minute 21/183) and a Remembrance Day donation of £50 to RBL (as agreed at the meeting 7 September 2022 minute 22/145). The s.137 allowance in 2022/23 is £8.82 per registered elector. $413 \times £8.82 = £3642.66$, well within limits. A grant made in 2021/22 to the Cricket Club in respect of a defibrillator purchase (£815.20 minute 21/169) was requested to be refunded at the meeting on 4 May 2022 (minute 22/108) and was returned on 10 May 2022. It was noted at the meeting on 4 May 2022 that the council no longer has the General power of Competence (minute 22/091). At its meeting on 2 November 2022, the council approved a grant of £500 to Chappel PC (minute 22/187) for playground equipment maintenance which will be paid in 2023/24.

C Risk Management

- Does a scan of the minutes identify any unusual activity?
Complaint issue resolved (minute 22/081), Oral history project (minutes 22/132, 22/141, 22/143, 22/160), Defib recall (22/148), Vacancy and co-option (minute 22/152, 23/021); litter picks (minutes 22/133, 23/015), walks booklet (minutes 22/165, 23/012).
- Do the minutes record the council carrying out a risk assessment?
Yes. Strategic Risk Assessment together with risk assessments for activities (clearance of footpaths, PRow, Litter picking, planting of spring bulbs, COVID) approved at Meeting 4 May 2022 (minute 22/090).
- Is insurance cover appropriate and adequate?
Yes. Policy with BHIB for a 3 year period starting 1 June 2022 approved at meeting 4 May 2022 (minute 22/093). Cover for Property Damage, Money, Business interruption, employers' liability, public and products liability, fidelity guarantee, libel and slander, official's indemnity, personal accident and legal expenses. Property damage cover includes assets not owned by the council (Gates and fences, play equipment, war memorial, sports equipment) but it is standard cover. The clerk has spoken to the insurer about the VAS purchased in January 2023 and installed in April 2023 to check that it is covered under street furniture.
- Are internal financial controls documented and regularly reviewed?
*The council receives monthly budget statements which are noted. Cheque book stubs and source documents are initialled. No cash is handled. The engagement of payroll services provides a level of control over salary payments. Councillor authority is needed to amend the monthly pay Standing Order. **Bank reconciliations have not been signed off this year but will be done in 2023/24***

- 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 I am assured that the actions in the management column are undertaken. Some of the mitigating actions stated do not accurately describe the actions actually undertaken. For example number 4 says 'council does an annual inspection of its property' whereas the council actually appoints representatives to undertake inspections of the defib, telephone kiosk etc and has contractors to inspect the street lights. The minutes include confirmation of actions being undertaken e.g., training undertaken 18 May 2022 on recommendation of Monitoring Officer (minute 22/081); confirmation of bank signatories (minute 22/088); a 'loan' defib secured to replace the one recalled (minute 22/148). Councillor roles include the quarterly inspection of the defibrillator (minute 22/095) and a record is sent to Community Heartbeat Trust. There may be some new co-opted councillors in May 2023 and an opportunity for more in house training (like for the Code of Conduct this year) to ensure continued strength in internal financial controls.

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
Yes. The budget was discussed at the meeting 2 November 2022 and agreed as £25217 on 7 December 2022 (minute 22/209). At the meeting on 11 January 2023 the council agreed a precept of £14071 (minute 23/008).
- Is actual expenditure against the budget reported to the council?
The cash book includes an 'Average Spend' worksheet that takes figures from the Payments and Receipts worksheets, compares those actuals against the budget and calculates the actual as a percentage of the budget. Councillors see this worksheet each month as a standing agenda item and note its contents.
- Are there any significant unexplained variances from budget?
Overall the actual spend of £24983 exceeds the budgeted spend of £20825 by £4158, but this is more than covered by additional £7413 of income. The council is careful to ensure that unbudgeted (contingency) expenditure is covered by additional income.

E Income Controls

- Does the council have sources of income other than precept and VAT refunds?
The council received interest, s106 funding (for 4 projects), an ECC grant (for the VAS), CCC grant (GG/LCT), sponsorship (walks booklet), and a grant refund from 2021/22
- Is income properly recorded and promptly banked?
All received by direct credit
- Does the precept recorded in the cash book agree to the district council's notification?
CCC pays in 2 instalments but notification does not show a split of precept, general grant and localised council tax support. The total of £14625 (2 x £7312.50 received April and September) from CCC agrees to the total expected by Wakes Colne PC of precept £13866, and General Grant / Localised CT support £759.
- Are security controls over cash adequate and effective
No cash is handled.

F Petty Cash Procedures No Petty cash is held. (Financial Reg 6.21)

G Payroll Controls

- Do salaries paid agree with those approved by the council?
Yes. The clerk was employed for 10 hours a week on SCP 18 at the start of the year. At the personnel committee meeting 19 October 2022 an increase of 1 hour a week was recommended and approved at the meeting 2 November 2022, together with payment of 4 hours of overtime (minute 22/193). There was a further personnel committee meeting in 7 February 2023 which noted the national pay award increase (backdated for 2022/23) and recommended increases from 01/04/23 in spinal point to SCP19 and office rent by 9%. This was approved at the meeting on 8 March 2023 (minute 23/063). The clerk's salary and pension are paid by SO each month with cheques issued to adjust to the correct figures. SO alterations were agreed during the year (minutes 22/131, 22/211)
- Are other payments to the clerk reasonable and approved by the council?
Yes. The clerk receives a monthly expenses cheque which is reimbursement for items such as ink, paper, stamps, envelopes etc.
- Has PAYE / NIC and pensions been properly operated by the council as an employer?
Payroll services are provided Richard Edwards Group. The clerk receives the payslip and a P32 showing amount payable to HMRC. The clerk has a local government pension with ECC and enters the figures into the PN11 form to calculate the amount due. There is a regular monthly SO to ECC with the balance paid by an adjustment cheque. It is noted that the pension contributions deducted from clerk salary May to November 2022 have not been fully paid to ECC. Although only a small amount the clerk will make enquiries re rectifying.
- What controls exist over management of staff time and duties?
Clerk keeps a time sheet which the councillors initial each month alongside the expenses claim. Clerk appraisal was undertaken by the Personnel committee on 7 February 2023 (minute 23/046). Peaks and troughs in workload can be managed within the 11 weekly hours. The contract allows for the payment of overtime should the need arise.

H Asset Control

- Does the council keep an asset register of all material assets owned?
Yes. The asset register was approved at the meeting on 6 July 2022 (22/123).
- Is the register regularly updated?
Register is updated annually for year-end return and reviewed prior to the insurance renewal. The AGAR figure brought forward at 31/03/22 is £34457.82. Additions in the year are a planter £780.10 and VAS £5422.27, total £6202.37. AGAR carry forward is £40660.19
- Do asset insurance valuations agree with those in the asset register?
The insured amounts for street furniture, contents, mowers and machinery, exceed the replacement value totals. The council also has property damage cover for assets it does not own (Gates and fences £15,000, play equipment £60,000, war memorial £36,000, sports equipment £12,000) but these are standard cover by the insurer.

I Bank Reconciliation

- Is there a bank rec for each account?
Yes. There are 2 accounts at the year-end: Barclays current account and Barclays deposit account.
- Is the bank rec carried out regularly on receipt of statements?
Yes. The Payments worksheet has a 'cleared' column to enable easy reconciliation.
- Are there any unexplained balancing entries in any reconciliation?
There are 2 uncleared cheques on the current account (total £64.17), both dated March 2023.

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. Formulae on the SOFA worksheet extract figures from the Payments and Receipts worksheets. These are used to create the annual return worksheet figures.
- Is there an audit trail from underlying financial records to the accounts?
Yes, excellent. Source documents are marked with the cheque number, minute reference where appropriate, and initials of the signatories, and filed in date order
- Where appropriate, have debtors and creditors been properly recorded?
Not needed in R&P accounts.

K Council Exempting itself from a limited assurance review

- Did the council meet the criteria?
Yes. Gross income and gross expenditure in 2021/22 were less than £25000.
- Was the exemption certified at a meeting?
Yes (minute 22/102.5)
- Was the appropriate notice displayed?
Yes. Certificate of Exemption completed and displayed.

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. [Finance -Transparency Code for Smaller Authorities - Wakes Colne Parish Council \(e-voice.org.uk\)](https://www.e-voice.org.uk)

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 (minute 22/102.8) and displayed the notice

N Publication of Annual Return 2022/22

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

O Trustees

- If the council is a trustee, has it met its responsibilities?
Not applicable

Jan Stobart, FCCA
18th April 2023