

WAKES COLNE 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 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 8 May 2020 (minute 20/079).
- Are other policies in place?
Yes. Publication Scheme was adopted at the meeting on 21 October 2020 (minute 20/144.2) and the council has a suite of policy documents on the Wakes Colne PC website.
[Parish Council documents - Wakes Colne 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 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 8 May 2020 (minute 20/083) and signed a new contract at meeting 3 March 2020.
- 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 dedicated email addresses for councillors (minute 20/093), cutting back tree branches and vegetation (minute 20/153). All of payments in the year are for less than £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 payments 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. After

approval at the meeting, the clerk takes the cheque book, source documents, payments list and actual v budget (Ave Spend worksheet) summary to the two signatories. Both 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 £268.71 for 2019/20 was received on 29 April 2020. Total VAT on payments in 2020/21 (per column AB) is £467.17 which will be recovered in 2021/22.
- Is s137 expenditure separately recorded and within statutory limits?
It was noted at the meeting on 8 May 2020 that the council no longer has the General power of Competence (minute 20/080). The council authorised 2 grant payments at its meeting on 3 June 2020; £200 to Chappel and wakes Colne VH (minute 19/208.2) and £500 to Chappel PC (minute 19/208.1). A Remembrance Day donation of £50 to RBL was agreed at the meeting 21 October 2020 (minute 20/151). It is assumed all 3 payments are made under s137. The allowance in 2020/21 is £8.32 per registered elector. $413 \times £8.32 = £3436.16$, well within limits. At its meeting on 4 November 2020, the council approved a further grant of £500 to Chappel PC (minute 20/174) to be paid in 2021/22.

C Risk Management

- Does a scan of the minutes identify any unusual activity?
Resignations and co-options (minute 20/124, 20/158, 20/180, 20/200, 21/025); issues with technology for teams meetings and change to zoom (meetings 02/09/20 and 07/10/20); councillor WhatsApp group (minute 20/178); Oral History Project (minute 21/013)
- 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) approved at Meeting 8 May 2020 (minute 20/079). A risk assessment for planting spring bulbs was also approved at meeting 21 October 2020 (minute 20/144.1)
- Is insurance cover appropriate and adequate?
Yes. Policy with AXA for period 1 June 2020 to 31 May 2021 approved at meeting 8 May 2020 (minute 20/082). Cover for Property Damage, Business interruption, Money and personal accident assault, group personal accident, employers' liability, public and products liability, selected all risks, official's indemnity, employment practice liability and legal expenses.
- How is the Council assessing the risks presented by COVID19?
The council has met remotely throughout the year. Members have managed better with zoom; there were some connection issues with the teams meetings in Sep and Oct 2020 so reverted to zoom. Delegated powers were granted to the clerk at the meeting on 1 April 2020 (minute 20/069). The council does not manage any buildings or play areas so did not need to consider the COVID rules for closure and reopening. The council supported the community with shopping and prescriptions (minute 20/156)
- Are internal financial controls documented and regularly reviewed?
The council receives monthly budget statements and the minutes show comment where actual exceeds budget (minute 21/007.2). Cheque book stubs and source documents are initialled. Bank reconciliations are signed off. Assets are inspected and insurance cover is reviewed annually. 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.

- 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 thought could be given to how some of the actions are evidenced e.g., number 4 'council does an annual inspection of its property' and number 14 'seats and shelters inspected regularly'. The minutes include confirmation of actions being undertaken e.g., confirmation of bank signatories (minute 20/077, 20/145); separate risk assessment for events (minute 20/144); inspection of public footpaths (minute 20/148); new councillor training (minute 20/170); quarterly testing of the defibrillator (minute 20/193). A councillor also undertakes a monthly inspection of the defibrillator and a record is sent to Heartbeat. I note that on occasions, council decisions and resolutions are made under the Matters Arising section of the agenda (e.g. 21/052.4 printing of welcome packs) and care needs to be taken particularly when making decisions about spend.

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
Yes. At the meeting on 2 December 2020 the council agreed a budget of £20080 and a precept of £13122 (minute 20/191). The budgeted spend includes amounts for an election and for contingencies, plus project costs which would come out of reserves.
- 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?
Yes. Budgeted spend £19620, actual spend £13817. The budgeted spend includes £1020 election and £2000 other contingency which, as the budgeted income was only £13881, would have to come out of reserves. Brought forward reserves at 01/04/20 were £27,856 so funds are sufficient. Much of the underspend was due to COVID (zero spend on room hire and very little spend on projects) but in setting its budgeted spend higher than its precept the council needs to be aware that it is consciously planning for a reduction in reserves.

E Income Controls

- Does the council have sources of income other than precept and VAT refunds?
Only interest and grants (GG/LCT)
- 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?
CBC pays in 2 instalments but notification does not show a split of precept, general grant and localised council tax support. The total of £13,881 (2 x £6,940.50 received April and September) from CBC agrees to the total expected

by Wakes Colne PC of precept £13,122, 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 is employed for 10 hours a week on SCP 16. At the personnel committee meeting 10 February 2021 an increase in spinal point to SCP17 was recommended, and the contract signed at the meeting 3 March 2021 (minute 21/059). The clerk also receives a monthly home office allowance which is part of the taxable salary. The council agreed a 2% increase in this 'office rent' at its meeting on 10 Feb 2021 (minute 21/043). The clerk is paid by SO each month with a cheque to adjust to the correct salary.
- 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 of £140 with the balance paid by an adjustment cheque.
- What controls exist over management of staff time and duties?
Clerk appraisal was undertaken by the Personnel committee on 10 February 2021 (minute 21/042). Throughout the year clerk has regular 1:1s with the chair. Peaks and troughs in workload are managed within the 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 3 March 2021 (21/056). The register lists the assets owned and has columns for each year end going back to 2010/11. The values in the columns appear to be replacement cost rather than historic cost.
- Is the register regularly updated?
Register is updated annually for year-end return. The AGAR figure brought forward at 31/03/20 was £33,094 which is the total on the asset register relating to the year 2016/17 (except for one of the assets at £363). After discussion with the clerk the wrought iron seat, solar lights and defibrillator were treated as prior year adjustments. AGAR brought forward £33094, disposal £1999, addition £1364 making total carry forward £32,459.
- Do asset insurance valuations agree with those in the asset register?
No. And it is not clear if the 2019/20 values on the asset register are accurate replacement costs of the assets. I would recommend that the council reviews its insurance cover at the 1st June 2021 renewal but estimating the replacement cost of its assets and arranging property damage cover accordingly.

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 6 uncleared cheques on the current account, one of which dates back to October 2020.

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?
Due to COVID I have only been able to see the underlying paperwork by zoom call. I am advised that source documents are marked with the cheque number 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. But the accounting statements (SOFA) shows at the year-end there is a debtor for VAT refund of £467.17.

K Council Exempting itself from a limited assurance review

- Did the council meet the criteria?
Yes. Gross income and gross expenditure in 2019/20 were less than £25000.
- Was the exemption certified at a meeting?
Yes (minute 20/104.2)
- 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.

M Public Rights in Summer 2020

The council agreed the dates for the period for the Exercise of Public Rights commencing 15 June 2020 and ending 24 July 2020 and displayed the notice

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).

O Trustees

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

Jan Stobart, FCCA
21st April 2021