

WAKES COLNE PARISH COUNCIL INTERNAL AUDIT 2021/22

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 5 May 2021 (minute 21/090).
- Are other policies in place?
*Yes. All were re-adopted at the meeting 5 May 2021 (minute 21/090). 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/parish-council-documents)
The complaints Policy was used this year and it is noted that the procedure was designed to deal with a complaint against the clerk, although it was adapted well to meet the immediate needs. It might be worth considering a revision to the policy at the May 2022 review.*
- 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 5 May 2021 (minute 21/094).
- 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 Greensward repairs (21/071), solar cats eyes (21/105), paving at noticeboard (21/206), grass cutting contract (22/033). 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. 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 £467.17 for 2020/21 was received on 19 April 2021. Total VAT on payments in 2021/22 (per column AB) is £1554.07 which will be recovered in 2022/23.*
- *Is s137 expenditure separately recorded and within statutory limits?
It was noted at the meeting on 5 May 2021 that the council no longer has the General power of Competence (minute 21/091). At its meeting on 4 November 2020, the council approved a grant of £500 to Chappel PC (minute 20/174) which was paid in May 2021. The council authorised 2 further grant payments to the Cricket Club in respect of a defibrillator purchase: £815.20 (minute 21/169) and £415 (minute 22/030). A Remembrance Day donation of £50 to RBL was agreed at the meeting 6 October 2021 (minute 21/167). It is assumed all 4 payments are made under s137. The allowance in 2021/22 is £8.32 per registered elector. $413 \times £8.41 = £3473.33$, well within limits. At its meeting on 3 November 2021, the council approved the following grants to be paid in 2022/23 (minute 21/183) £500 to Chappel PC, £350 to Chappel & WC station adopters and £115.20 to the Cricket Club.*

C Risk Management

- *Does a scan of the minutes identify any unusual activity?
Resignations and co-options (minute 21/083, 21/097, 21/153,); trial of a facebook page (minutes 21/072, 21/117, 21/162); ECC devolution scheme proposal (minute 21/164); Neighbourhood Plan (public meeting 13 Oct 2021); Flood Prevention and flood responders proposal (minutes 21/198, 22/051); dealing with a complaint (extraordinary meeting 24 January 2022 and minutes 22/064 & 22/081); permissions to erect a VAS (minutes 21/163, 22/052).*
- *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) approved at Meeting 5 May 2021 (minute 21/090). A COVID 19 risk assessment was also approved at meeting 2 June 2021 (minute 21/116)*
- *Is insurance cover appropriate and adequate?
Yes. Policy with BHIB for period 1 June 2020 to 31 May 2021 approved at meeting 5 May 2021 (minute 21/093). 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).*
- *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. 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. Bank reconciliations have not been signed off this year but will be done in 2022/23

- 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 council's procedures have proved to be robust in dealing with a complaint. It might be worth considering an additional line in the risk assessment relating to reputational risks / code of conduct and declarations. Mitigating actions would relate to the complaints procedure and training for councillors. I understand that some training is planned for 2022/23.

The minutes include confirmation of actions being undertaken e.g., confirmation of bank signatories (minute 21/088); councillor training re facebook (minute 22/012); need to establish responsibility for trees in Whistle Walk (minute 22/032). Councillor roles include the monthly inspection of the defibrillator (minute 21/095) and a record is sent to Community Heartbeat Trust. The minutes mention some new activities for which a risk assessment may be needed in the future: Erection of seasonal lights by volunteers (minute 21/187, 21/205), Great British Spring Clean litter pick with the public (Minute 22/010) and volunteer Flood responders (minute 22/051). I note that on occasions, council decisions and resolutions are made under the Matters Arising section of the agenda 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 12 January 2022 the council agreed a budget of £20825.20 and a precept of £13866 (minute 22/015), an amendment to an earlier decision in November 2021 (minute 21/186).
- 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 budgeted spend £20480 is only £895 less than actual spend of £21375 (ex VAT). However, within the total there are significant under and over spends. The budgeted includes £1030 election, £1000 VDS and £2200 Projects for which spend is zero. Contingency (decisions not included in the budget) is overspent by £5946

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 17. At the personnel committee meeting 21 January 2022 an increase in spinal point to SCP18 was recommended, in accordance with the contract, and was approved at the meeting 2 March 2022 (minute 22/062), along with the national pay increase when announced from 1st April. The clerk also receives a monthly home office allowance of £22.54 which is part of the taxable salary. The council agreed a 5.5% increase in this 'office rent' at its meeting on 2 March 2022 (minute 22/062). The clerk is paid by £500 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 keeps a time sheet which the councillors initial each month alongside the expenses claim. Clerk appraisal was undertaken by the Personnel committee on 24 January 2022 (minute 22/042). 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 2 March 2022 (22/055).
- Is the register regularly updated?
Register is updated annually for year-end return. The AGAR figure brought forward at 31/03/21 is £32,459. The Asset Register agreed by the council in March 2022 has a brought forward figure of £36,578.86. After discussion with the clerk this was changed to £32,459.26. Additions in the year are 2 salt/grit bins £408.56 and Flood barriers £1590, total £1998.56. AGAR carry forward is £34,457.82
- 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. However, it is uncertain how the individual replacement values have been verified. 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). I would recommend that the council reviews its insurance cover at the 1st June 2022 renewal but estimating the replacement cost of its assets, deciding if it intends to insure all its assets, and setting 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 5 uncleared cheques on the current account, all dated March 2022.

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. But the accounting statements (SOFA) shows at the year-end there is a debtor for VAT refund of £1554.07.

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 21/103.5)
- 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.wakes-colne-parish-council.org.uk/finance-transparency-code-for-smaller-authorities)

M Public Rights in Summer 2021

The council agreed the dates for the period for the Exercise of Public Rights commencing 14 June 2021 and ending 23 July 2021 and displayed the notice

N Publication of Annual Return 2020/21

The authority has complied with the publication requirements for 2020/21 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
19th April 2022