

## **WICKHAM ST PAUL 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 AA 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 25 May 2020 (minute 20/060 item S and K).*
- Are other policies in place?  
*Yes. The suite of policy documents were adopted at the meetings on 26 May 2020 (minute 20/060) and 29 September 2020 (minute 20/110). Policies are on the Wickham St Paul PC website. [Policies & Procedures – Wickham St. Pauls Parish Council \(wickhamstpaulsparishcouncil.org\)](http://Policies & Procedures – Wickham St. Pauls Parish Council (wickhamstpaulsparishcouncil.org))*
- 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 26 May 2020 (minute 20/058).*
- 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 estimates or quotes being obtained for stainless steel plaque (minute 20/069), grass cutting (minute 20/079), pond clearance (minute 20/092), tree survey (minute 20/107), oak posts (minute 20/111), matting under swings (minute 21/033). Other than the matting quote which is around £10,000, all other 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. The unclaimed VAT of £281.15 for 2019/20 was received on 10 June 2020 and noted at the 28 July meeting (minute 20/087). 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. Total VAT on payments in 2020/21 (per payments column AA) is £1218.93. The VAT reclaim made in April 2021 was for £1196.93 and the difference of £22 will be added to the 2021/22 reclaim.*
- Is s137 expenditure separately recorded and within statutory limits?  
*It was noted at the meeting on 26 May 2020 that the council has the General power of Competence (minute 20/055) so there are no payments under s137. The council made one donation / grant during the year of £1000 to Wickham St Paul Cricket Club under this power.*

### **C Risk Management**

- Does a scan of the minutes identify any unusual activity?  
*Resignations and co-options (minute 20/096, 20/115); Neighbourhood Plan (minute 20/105,20/126)*
- Do the minutes record the council carrying out a risk assessment?  
*Yes. Strategic Risk Assessment together with risk assessments for fireworks approved at Meeting 26 May 2020 (minute 20/060 items T and L). There is also a risk assessment for Litter picking and a COVID assessment of recreational equipment, both reviewed 29 September 2020 (minute 20/110 item 2).*
- Is insurance cover appropriate and adequate?  
*Yes. Final year of as 3-year policy with AXA renewal 1 June 2020 to 31 May 2021 approved at meeting 25 May 2020 (minute 20/056). 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. The council closed its play areas in accordance with government direction and consider the risks at its meeting 29 September 2020 (minute 20/110). The Firework Event also did not take place (minute 20/112)*
- Are internal financial controls documented and regularly reviewed?  
*The council receives monthly budget statements to compare actual against budget. Cheque book stubs and source documents are initialled. Payments list ties back to the cash book. 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 20/053); consideration of insurance implications if play equipment were to be modified (minute 20/074); RoSPA report and quotes to carry out remedial work (minute 20/089). The handyman undertakes a weekly inspection of the play area and other council assets on the checklist, making notes of anything that needs repairing.

#### **D Budgetary Controls**

- Has the council prepared an annual budget in support of its precept?  
*Yes. At the meeting on 24 November 2020 the council agreed a budget of £16336 and a precept of £12165 (minute 20/130).*
- 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 £25624, actual spend (inc VAT) £18516. The description of contingencies totals £5350 and accounts for over a quarter of total spend. A breakdown of this amount would be useful to inform future budgets: a significant proportion of it seems to relate to tree works. Much of the underspend in other lines was due to COVID (zero spend on room hire and very little spend on projects). General reserves have increased as a result of the underspend in 2020/21 but the budget for 2021/22 shows an intent to use just over £4000 of reserves*

#### **E Income Controls**

- Does the council have sources of income other than precept and VAT refunds?  
*BDC street scene, tree sponsorship, interest and grant*
- Is income properly recorded and promptly banked?  
*4 cheques received for trees, banked as soon as practicable through the post office. All other receipts by direct credit*
- Does the precept recorded in the cash book agree to the district council's notification?  
*Yes. Precept total £12165 received as £6083 in April & £6082 in Sep 2020) plus Collection Fund Payment of £149 received with first instalment (£6232 and £6082).*
- 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. At the start of the year the clerk was employed for 10 hours a week on Band 15 and a handyman for 2 hours a week on band 6. The handyman resigned in August 2020 and a new handyman was recruited from 1<sup>st</sup> October 2020 (minute 20/114). At the personnel committee meeting 9 February 2021,*

*spinal point increases were approved for both the clerk (to band 16) and the handyman (to band 7) from 1<sup>st</sup> April 2021 (minutes 21/0021 and 21/023). The clerk also receives a monthly home office allowance which is part of the taxable salary. The clerk is paid by Standing Order 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 Accountants. The clerk receives the payslip and a P32 showing amount payable to HMRC. A wages tab is also kept on the cash book for the handyman salary. The clerk has opted out of auto enrolment for pension (minute 20/024). The handyman is not eligible for automatic enrolment and has not opted in.*

- What controls exist over management of staff time and duties?

*Clerk and handyman appraisals were undertaken by the Personnel committee on 9 February 2021 (minutes 21/020 and 21/022). Throughout the year the clerk has regular 1:1s with the chair. Peaks and troughs in workload are managed within the weekly hours. The handyman keeps a timesheet (minute 20/024) and reports to the chairman. The Handyman is paid the same amount each month but builds up hours in the summer and does less in the winter.*

## **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 30 March 2021 (21/034). The register lists the assets owned and has columns for each year end going back to 2017/18. The values of each asset in the 2019/20 columns increased indicating that they might 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 from 31/03/20 is £43107. However, it should have been £42158, being the previous year AGAR total of £29200 plus new play equipment in 2019/20 of £12958. There are no additions or disposals in 2020/21 so the closing AGAR at 31 March 2021 should revert back to £42,158.*

- Do asset insurance valuations agree with those in the asset register?

*The property damage cover is for Office contents £540.80, outside equipment £973.44, Play equipment £104871.94 and Street furniture £25742.08. These are greater than the 'values' in the asset register but it is not clear whether the values are properly assessed replacement costs for insurance purposes. Play equipment looks to be over insured. I would recommend that the council reviews its property damage insurance cover at the 1<sup>st</sup> June 2021 renewal.*

## **I Bank Reconciliation**

- Is there a bank rec for each account?

*Yes. A combined reconciliation for the 4 bank accounts at the year-end: 2 Nat West current accounts and 2 Nat West deposit accounts.*

- 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 8 uncleared cheques on the current account, all relating to February and March 2021.*

#### **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 been unable to see the underlying paperwork. 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 £1218.93.*

#### **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 20/087)*
- Was the appropriate notice displayed?  
*Yes. Certificate of Exemption completed and displayed. [agar-wickham.pdf \(wordpress.com\)](#)*

#### **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 [public-rights-2019-20.pdf \(wordpress.com\)](#)*

#### **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  
29<sup>th</sup> April 2021