

MESSING CUM INWORTH PARISH COUNCIL INTERNAL AUDIT 2020/21

A Proper Bookkeeping

- Is the cash book maintained and up to date?
Yes. At the time of IA the interest credited to the business premium account in March 2021 had not been entered on the spreadsheet; otherwise it was up to date
- Is the cash book arithmetic correct?
Yes. An excel spreadsheet, containing several worksheets, is maintained and updated each month. There are separate tabs for PC receipts and PC payments with columns for date, details, total and then a range of columns to describe the transaction by type. The total receipts and payments each month feed into the 'Running Sheet' tab which has a column for each month, split by type of transaction. The figures are typed in rather than using formulae so totals need to be double checked to avoid transposition errors. A fourth tab (summary sheet) takes the year-to-date totals from the running sheets and compares it against the budget.
- Is the cash book regularly balanced?
Yes.

B Financial Regulations

- Has the council formally adopted standing orders and financial regulations?
Yes. Standing Orders and Financial Regs approved at meeting 21 July 2020 (minutes 20/09 and 20/10).
- Has the council adopted other policies?
Yes. High Consequence Infectious Disease, Working from Home, Code of Conduct, Complaints, Community Engagement, Disciplinary and Grievance, Dog Walking, Equality and Diversity (all minute 20/07). GDPR (minute 20/49 and 20/111), Reserves (minute 20/71), Training (minute 20/72), H&S (minute 20/90), Safeguarding (minute 20/91), Grant Awarding (minute 20/110). Available on the website [Policies & Procedures – Messing and Inworth](#)
- Has a Responsible Financial Officer been appointed with specified duties?
Clerk is also the RFO. Job description sets out specific RFO duties. The clerk/ RFO resigned at the start of the 2021/22 financial year and a locum clerk is currently in post and overseeing the year end financial processes.
- Have items or services above a de minimis amount been competitively purchased?
Financial Regulations (4.1) specify clerk, in conjunction with chairman, can approve up to £500 (4.1); and (11.1h) 3 estimates for amounts £100 to £3000; 3 quotes for amounts £3000 to £25,000 and competitive tendering for over £25,000. This is consistent with the £25,000 in section 18 of the model SO. Contracts Finder website must be used for all tenders over £25,000 (11.1b). During year, quotes obtained for grass cutting (minute 20/07), Defibrillator (minute 20/46), swing (minute 20/113), playground equipment (minute 20/134).
- Are payments in the cash book supported by invoices, authorised and minuted?
Yes. Finance item in the Minutes includes section 'To approve payments for signature'. Description and amounts are listed and totalled. The clerk prepares a monthly 'accounts for payment' summary, stapled to the source documents. Cheque number is written on the invoice. Two signatories sign the cheques and initial the cheque stub. Initial are also placed alongside each payment on the face of the list as evidence of scrutiny from April until August, but ceased from Sep

onwards. An incorrect amount for insurance was included on the September list and the difference picked up in October.

- Has VAT on payments been identified, recorded and reclaimed?
*On the Expenditure spreadsheet, VAT on payments is recorded in a separate column. VAT on 2021/22 expenditure is £389.00 and reclaim form has been prepared for this amount. However, no VAT has been reclaimed during 2020/21 in respect of the amounts outstanding from the previous year.
At 31 March 2020, £862.10 VAT remained unclaimed (relating to payments Oct 2019 to Mar 2020, plus £70 from Sep 2019).
The total VAT due for reclaim as at 31 March 2021 is £1,251.10*
- Is s137 expenditure separately recorded and within statutory limits?
No s137 expenditure in 2020/21.

C Risk Management

- Does a scan of the minutes identify any unusual activity?
Resignation and co-option (minutes 20/04, 20/122); Defibrillator in Inworth (minutes 20/26, 20/94), delays in changing Barclays bank mandate (minutes 20/92, 20/112), grievance issues and resignation of the clerk at the year end.
- Do the minutes record the council carrying out a risk assessment?
Yes. Risk Assessments approved at meeting 21 July 2020 (minutes 20/11, 20/12).
- How is the Council assessing the risks presented by COVID19?
The council adopted a High Consequence Infectious Disease Policy: section 8 provides for delegated authority to the clerk to enable continued operation of the council. The last face-to-face meeting was 17 March 2020 and first zoom meeting was held 21 July 2020, which included ratification of council actions under delegated powers (minute 20/07). The council closed the playground at the start of the pandemic and it was reopened in July (minute 20/19). I have not seen COVID risk assessments but assume they were undertaken.
- Is insurance cover appropriate and adequate?
Yes. Final year of 3-year agreement with Inspire, through Came & Co renewed 31/10/20. There is cover for property damage, business interruption, Money and personal accident, employer's liability, public and products liability, all risks, officer's liability, employment practices liability and legal expenses. The policy schedule for property damage is for £64520 in total which looks adequate, but some work needs to be done on the asset register to see if each individual category of asset is suitably covered.
- Are internal financial controls documented and regularly reviewed?
In this COVID year the internal financial controls have slipped a little: Initials are missing from payments lists and it does not appear that bank reconciliations and statements have been scrutinised by councillors. It is not clear if actual expenditure was monitored against budget (not least because the budget amount was incorrect which hopefully would have been picked up by councillors), nor if salary calculations and back pay awards were checked.
- Are all risks identified and actions undertaken to mitigate risks?
The risk assessment describes the risks and has columns for 'measures taken' and 'recommended reviews/actions'. It is comprehensive but would benefit from inclusion of risks and mitigating actions relating to internal controls, loss of key staff, business continuity and possibly delays in changes to bank mandate. Some of the items in the review column have not been undertaken this year i.e. 'regular' monitoring of budget v actual, annual staff review. First item Technical page 5 and Professional page 9 re back-up of documents: minutes (20/11) refer to cloud

storage – I don't think the council uses cloud storage but it might be a good way to overcome the recently experienced issues of access to files. Next year, I would also like to see other paperwork that evidences weekly check of playground equipment by councillors (page 5) and annual inspection of assets (page 3), which I could not locate in the folders. Minutes show that the following mitigating actions are being undertaken: attendance at play seminar training (minute 20/29), training events (minute 20/159), review of suite of policies.

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
Yes. Options discussed at meeting 15 December 2020 (minute 20/105). Forecast for 2020/21 presented to meeting 19 Jan 2021 (minute 20/128) and it was agreed not to increase the precept for 2021/22. Changes to the 2021/22 budget were agreed at the meeting 16 Feb 2021 (minute 20/147), presumably not changing the overall spend requirement. I could not locate a budget (expenditure requirement) for 2021/22, nor the completed precept form for 2021/22 but assume the precept request sent to CBC is £12235 as last year.
- Is actual expenditure against the budget reported to the council?
There is no evidence in the minutes that councillors receive actual v budget reports regularly at meetings. Actual expenditure against budget was reviewed at meeting 15 December 2020 (minute 20/104) but the Summary tab of the spreadsheet contains incorrect figures for the 2020/21 budget so it is unclear if this would have helped inform precept discussions
- Are there any significant unexplained variances from budget?
The Summary tab of the spreadsheet has incorrect figures for budgeted expenditure – the total should be £18191 per the 2020/21 parish precept request form but instead it is £25,148. The variances on the spreadsheet are therefore meaningless. Actual expenditure in the year is £13787 (inc VAT), so is under budget by £4400. Income is over budget by £2750 so the anticipated £2400 use of reserves was not needed. Net increase in reserves is £4750.

E Income Controls

- What are the council's sources of income other than precept and VAT refunds?
Income includes receipts from Push Energy, allotment rents, and grants. Allotment association have reviewed and updated the allotment agreement (minutes 20/50, 20/68).
- Is income properly recorded and promptly banked?
Only one banked receipt in July 2020 of £14 cash re allotment fees. All other income 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 £13099 (2 x £6549.50 received April and September) from CBC agrees to the totals expected by Messing PC of precept £12235 and Revenue Grant & LCTS of £864.
- Are security controls over cash adequate and effective
Only one item of cash handled which was kept securely and banked as soon as practical

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

G Payroll

- Do salaries paid agree with those approved by the council?
Yes. New clerk/RFO appointed 17 March 2020 (minute 239/19). Employed for 12 hours per week on new scale SCP17 and receives a taxable working from home allowance of £64 per month. The meeting on 15 September 2020 (minute 20/41) noted the NALC annual pay award with effect from 1st April 2020. The clerk keeps a payroll spreadsheet to record changes in rates of pay but this has not been kept up to date through the year. A year end calculation shows broad agreement with the totals paid net and to HMRC in the spreadsheet.
- Are other payments to the clerk reasonable and approved by the council?
Yes. Clerk receives a monthly mileage allowance of £28.80 and can claim for reimbursement of items such as stamps etc. Each item is paid by a separate cheque.
- Has PAYE / NIC and pensions been properly operated by the council as an employer?
HMRC RTI BASIC Tools is used; salary paid 15th of each month. The PAYE deductions are calculated by the HMRC system. Clerk does not qualify for auto enrolment and has decided not to opt in.
- What controls exist over management of staff time and duties?
The clerk had resigned so I was unable to discuss supervision with him.

H Assets

- Does the council keep an asset register of all material assets owned?
Yes. A separate spreadsheet is kept with columns for asset, location, date purchased, historic cost, estimated replacement date, replacement cost, insurance value and reserves available for such replacement. Assets are not grouped together by type which makes an assessment of insurance cover very difficult.
- Is the register regularly updated?
Register is updated at the year end. Purchases in 2020/21 are £1780 for a Defibrillator on 20/10/20. The brought forward figure is £67,222, plus additions equals closing figure of £69,002.
- Do asset insurance valuations agree with those in the asset register?
The insurance column is used when setting the insurance cover. All assets have a replacement value, but not all of the assets are insured against material damage. Insurance value in the asset register is £50415. The policy schedule has the following declared values: General contents £2897, Gates and Fences £2163, Outside Equipment £2486, Play Equipment £20990 and Street furniture £35984 Total £64520. I would recommend checking these splits by category of asset against the insurance values column on the asset register.

I Bank reconciliations

- Is there a bank rec for each account?
Yes. 2 Barclays bank accounts: Community account and Business Saver account. During the year the council considered changing to Lloyds bank (minute 20/64) but new accounts were not being opened.
- Is the bank rec carried out regularly on receipt of statements?
Yes. Monthly
- Are there any unexplained balancing entries in any reconciliation?
No.

J Year End

- 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. The spreadsheet, kept throughout the year, builds the totals for preparation of the accounts.
- Is there an audit trail from underlying financial records to the accounts?
Receipts and payments are referenced and easy to track through the cash book spreadsheet.
- Where appropriate, have debtors and creditors been properly recorded?
This is not a requirement of R&P accounts. The only debtor at the year-end is in respect of unclaimed VAT. Collection of allotment fees is controlled: invoices are issued and the Plot numbers are written in the face of the bank statements when received by direct credit (and one cash receipt banked)

K Council Exempting itself from a limited assurance review

- Did the council meet the criteria?
Yes. Gross income and gross expenditure in 2019/20 was below £25000.
- Did the council exempt itself from the review? *Yes*
- Was the exemption certified at a meeting? *Yes. Minute 20/08*
- Was the appropriate notice displayed? *Yes*
- [Agar-2019-2020.pdf \(messinginworth.org\)](#)

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.

[Agar-2019-2020.pdf \(messinginworth.org\)](#)

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).

[Agar-2019-2020.pdf \(messinginworth.org\)](#)

O Trustees

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

Jan Stobart, FCCA
23 June 2021