**Great Abington Parish Council:**

**Detailed Report for Parish Council by Internal Auditor: 2020-2021**

**Date: 02.06.21**

**General Comments:**

⚫ Comments are listed according to internal control objectives (Page 3 of Annual Governance and Accountability Return, 2020/2021). Reference should also be made to the *JPAG Practitioners’ Guide: March 2021.*

**Objective A:**

**Appropriate Accounting Records:**

The cashbook spreadsheet appears to have been maintained throughout the year reasonably accurately, and balanced regularly.

**Objective B:**

***Objective not achieved***

**(a)** **Standing Orders and** **Financial Regulations adopted and applied:**

The Minutes record that **Standing Orders** were updated and approved on 15.03.21 and **Financial Regulations** were updated and approved on 16.11.20. .

**Comments:**

**Policy Documents:**

⚫ The following policies have been drawn up or reviewed:

– Complaints Policy

– Freedom of Information Scheme

– Community Engagement Policy

– Code of Conduct

**Transparency Code for Smaller Authorities:**

⚫ Some documents required under the code do not appear to be published on the Parish Council website – for example, information about items of expenditure over £100. (See ‘Transparency Code for Smaller Authorities’ Part 2.1.)

**(b) Payments controls**

**The Statement of Internal Control** was reviewed on 18.05.20.

I found that payments generally appear to be supported by invoice, and minuted.

**Comments:**

⚫ **E-banking: systems have now been set up. However, at present, accurate records are not being kept of which councillors have authorised payments, when, and the invoice amounts authorised (as required in Financial Regulations Par 6.10).**

How this is done is for councillors to decide. I recommend contacting the Parish Council’s bank to determine the easiest way of producing the necessary transaction history. I have attached an example of an e-banking authorisation record sheet used by another Parish Council.

⚫ The Council has two separate bank current accounts. I recommend reviewing whether this is necessary.

⚫ Section 106 funds are split between two separate accounts (one of which is also used for regular expenditure). I recommend reviewing whether this is necessary.

**(c) Section 106 funds:**

**The S106 spreadsheet is incomplete and there is a difference of £511.82 between the S106 balance of funds in the bank accounts (£138,355.43) and the total figure of funds unspent on the spreadsheet (£137,843.61). I understand this may be due to interest accruing on the accounts, and a complete and accurate record is being prepared.**

**Comments:**

As the total of S106 funds held by the Council is relatively large, it is important that accurate and complete records are kept as follows:

⚫ Dates when funds were received

⚫ Dates when funds were spent

⚫ Annual interest paid on these funds

# **(d) VAT:**

One claim for reimbursement of VAT was made in 2020/2021

**(e) Section 137 Expenditure:**

Section 137 expenditure appears to be closely monitored and within prescribed limits. In my interim report (20.10.20) I recommended establishing whether emergency pandemic payments should be categorised as S137.

**Objective C:**

**(a) Risk Management:**

The **Risk Policy** was reviewed on 18th May 2020.

**(b) Insurance:**

Insurance cover has been reviewed and appears adequate, including a separate policy for the e-bike.

**(c) Abington Recreation Ground Committee:**

Updated Terms of Reference for the committee state that the following will be supplied to both Little and Great Abington Parish Councils:

* Internal Audit Report and subsequent action plan.
* Final Budget Plan
* Copy of current insurance schedule.

It was unclear from the minutes whether any of the above had been received or discussed.

**Comment:**

⚫ As ARGC is a joint committee, reporting to the Parish Council, it is important that the above documents are supplied annually, and in particular internal audit reports for past and future years.

**Objective D:**

**Budgetary controls:**

An Annual Budget has been prepared with periodic updates of expenditure being given to councillors prior to meetings. There do not appear to be any significant unexplained variances from Budget for the financial year 2020/2021.

**Comments:**

⚫ An end-of-year Budget update of actual against projected income and expenditure is essential and should be prepared in advance of Internal Audit – even if not required until the following Parish Council meeting..

⚫ Total unallocated reserves should be explicitly stated on either the ‘Balance Sheet’, Supporting Statement or end of year Budget update. Unallocated reserves at 31.03.21 appear to total £3417, according to my calculations..

**Objective E:**

**Income controls:**

Systems appear to be in place and satisfactory.

**Objective F:**

**Petty Cash:** *[Petty Cash system not used so not applicable.]*

**Objective G:**

**Payroll controls:**.

The Clerk’s salary appears to have been paid as agreed by the Council. Systems for accounting for tax, NI and reimbursement of expenses are adequate.

**Comment:**

⚫ I have drawn attention to a small underpayment of back-pay due in February/March 2021 (total should be £45.24 rather than £30.16.) This should be adjusted at the next payment.

**Objective H:**

**Asset controls:**

The Asset Register was last updated in May 2020.

**Comments:**

⚫ The e-bike is included on the asset register, but not on the Supporting Statement for the year ended 31.03.21, and has been insured separately.

⚫ I understand the Parish Council’s mobile phone needs to be included in the Asset Register.

**Asset inspections:**

I note regular written asset inspection reports are now being made.

**Objective I:**

**Bank reconciliation:**

The end of year bank reconciliation appears to have been properly carried out, but not all periodic bank reconciliations were available.

**Comment:**

⚫ Periodic bank reconciliations should be prepared, approved and printed off using the existing template at each Parish Council meeting, even if there are no uncleared funds. These records are essential, in view of the fact that the Parish Council now has four separate bank accounts, and relatively large balances. Bank reconciliation statements should be retained for internal audit.

**Objective J:**

**Accounting Statements:**

Year-end accounts appear to have been prepared on the correct basis with a generally clear audit trail from underlying records to the accounts.

Draft accounting statements (AGAR Section 2) agree with underlying financial records.

**Objective K:**

**Exemption Criteria:**

Not covered. The Parish Council had a limited assurance review of its 2020/2021 AGAR.

**Objective L: Publishing of Information:**

Not covered. Authority has an annual turnover exceeding £25,000.

**Objective M: Exercise of public rights: 2019-2020**

***Objective not achieved:***

The opportunity was not given for the exercise of public rights during the previous year (2019-2020). See Objective N.

**Objective N: Publication requirements for 2019/2020 AGAR:**

***Objective not achieved:***

The authority does not appear to have complied with the publication requirements for the 2019-2020 AGAR. The External Auditor has commented that the statutory notice was put up before Internal Audit and approval/signing off of the AGAR by the Parish Council at their meeting on 20.07.20.

**Objective O: Responsibilities as Trustee:**

*Not applicable.*

**Mike Gutteridge.**

**Internal Auditor. 02.06.21**