**Great Abington Parish Council:**

**Detailed Report for Parish Council by Internal Auditor: 2022-2023**

**Date: 22.05.23**

**Comments/Action Points:**

**●** Comments/Action Points are listed according to internal control objectives (Page 4 of Annual Governance and Accountability Return, 2022/2023 Form 3). Reference should also be made to the *JPAG Practitioners’ Guide: March 2023.*

**Objective A:**

**Appropriate Accounting Records:**

The cashbook spreadsheet appears to have been maintained throughout the year reasonably accurately, and balanced regularly. **However see comments below regarding S106 funds and payslips.**

**Objective B:**

***Objective not achieved:***

**Financial control systems may not be operating effectively.**

**(a) Duplicate payments:**

I note that there were two instances of duplicate payments:

* 04.05.22: R. Smith £300.00 (two payments of £300.00 made in error)
* 05.10.22: Tees Law £1552.00 (already paid on 09.09.22; refunded on 14.10.22)

Comment:

● Control systems should prevent payment errors such as the above occurring.

**(b) Incomplete records of e-banking payment authorisation:**

Payments appear to be supported by invoice and minuted, but records of which signatories authorised which e-banking transactions appear to be incomplete (for example, it was unclear which signatories authorised a payment on 19.07.22 of £258.00 and a payment of £105.00 on 22.07.22).

Action Point:

● Ensure records of payment authorisation are **complete and accurate.**

**(c) Terms of reference for the Financial Working Group (FWG):**

Minutes record the FWG meeting once on 07.04.22, and it appears a further meeting was held on 20.10.22. Informal notes were made in a notebook, although I have recommended in previous reports that brief minutes/lists of action points are made (for circulation purposes).

The following is an extract from the current statement of Internal Control (with important points highlighted):

* *The Council has appointed a Finance Working Party which meets six times a year.*
* *Members of the Finance Working Party monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters.*
* *Items discussed at the meetings of the Finance Working Party are reported to the Council and recommendations and notes of the meeting are circulated to councillors.*
* *The full Council meets six times each year. It monitors progress by receiving relevant reports from the Finance Working Party and the Parish Clerk.*
* *The Council carries out regular reviews of its internal controls, systems and procedures.*

Action Point:

● The Statement of Internal Control was last reviewed on 17.01.22. Review/update Statement on Internal Controls **including terms of reference for the FWG**. The Financial Regulations should also be reviewed and updated if necessary.

**(d) Records of Section 106 funds held, received and spent:**

A revised report was supplied before the end of audit which states the balance of S106 funds (including interest) held at 31.03.23 was **£110,365.66.**

However totals for receipts and payments recorded in this report differ from those in the Receipts and Payments summary (eg: S106 receipts including interest in 2022-2023 are shown as **£48,771.69** against **£45,740.53** on the summary).

Action Point:

● As the total of S106 funds held by the Council is relatively large, accurate and complete records of funds received, interest, and funds spent must be maintained, **and must agree across all accounting records.**

**(e) VAT unclaimed:**

No claims for refund of VAT were made in 2022-2023 although records indicate that a total of £12,584.74 may be currently reclaimable.

**Objective C:**

**(a) Risk Management:**

The **Risk Policy** was reviewed on 18th May 2020 and may require updating.

Action Point:

● Review and update the Risk Policy as necessary.

**(b) Insurance:**

Insurance cover has been reviewed and appears adequate.

**Objective D:**

**Budgetary controls:**

An Annual Budget for 2023-2024 has been prepared together with a year-end Budget Report for 2022-2023. I note levels of earmarked and general reserves being discussed at the meeting on 16.05.22 and understand periodic updates of expenditure were given to councillors prior to meetings.

**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 however still do not appear to be adequate.

During audit, several small payslip errors were detected. For example, the actual net pay for Aug/Sept 2022 differed by £6.05 from the figure on the payslip (an underpayment).

Figures for gross pay on payslips differed from gross pay on the P60.

**Action Point:**

● It is important that all payslip details are accurate, and checked by Council before authorisation, particularly if these are to be submitted to HMRC where penalties may apply.

**Objective H:**

**Asset controls:**

The Asset Register was updated in 2022-2023 **but may not reflect current insurance values.**

**Asset inspections:**

I note asset inspections were agreed (Minutes of 16.05.23: Par 5) but could find no subsequent reports or decisions on any necessary action in the minutes (although verbal reports may have been given to Council).

**Action Points:**

● Ensure Asset Register is updated where appropriate with current insurance values.

The JPAG Practititioners Guide (P51) states: ‘*The register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement’*.

● It is essential to make (and retain) **written reports/notes** on the condition of assets in the event of an insurance claim by a member of the public. *(Comment repeated from Audit Report 2021-2022)*

**Objective I:**

**Bank reconciliation:**

After adjustment during audit, the end of year bank reconciliation appears to have been properly carried out, and periodic bank reconciliations are recorded in the minutes.

**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 2021/2022 AGAR.

**Objective L: Publishing of Information:**

The Parish Council appears to have published the required information on its free-to-access website, up-to-date at the time of internal audit in accordance with the relevant legislation.

**Objective M: Exercise of public rights: 2022-2023**

In 2022-2023, the opportunity appears to have been given for the exercise of public rights as required by the relevant legislation.

**Objective N: Publication requirements for 2021/2022 AGAR:**

The authority appears to have complied with the publication requirements for the 2021-2022 AGAR.

**Objective O: Responsibilities as Trustee:**

*Not applicable.*

**Mike Gutteridge.**

**Internal Auditor.  22.05.23**