

**Internal Audit final Report 1<sup>st</sup> April 2021 - 31<sup>st</sup> March 2022**

INTERNAL CONTROLS	TESTS APPLIED
<p>Standing Orders and Financial Regulations, adopted and applied</p>	<p>Standing Orders and Financial Regulations were reviewed and agreed at the June meeting of the Finance and General Purposes Committee. The Clerk continues as the Responsible Financial Officer with all responsibility for maintaining financial records. The Finance Regulations were also reviewed in June and all recommendations were presented to the full Council at their meeting on the 24<sup>th</sup> June and agreed. (Minute.22.25). Amongst other recommendations it was agreed (22.9 4) that the Budgetary Control and Authority to spend Limit be increased from £500 to £1000. In addition (22.9 6) the sentence regarding use of personal credit or debit cards be deleted as, on occasion, this is beneficial to the daily running of the Council Business. The Council has clear financial regulations in place identifying the limits set for full tendering or for obtaining three competitive quotes and these are reasonable. In accordance with regulations, three quotes were obtained for all items or services purchased by the Council where the cost was expected to be between £1,000 and £20,000. In addition, it is stated in Standing Orders that where the value is below £3000 and above £1000 the clerk or RFO shall strive to obtain three estimates. Otherwise, regulation 10.3 shall apply. Three quotes were received in respect of the tree survey and work on the allotment car park. The estimate from Countrywide Ground Maintenance was accepted for the former and the estimate from Holland Wing for the latter as these were agreed to be the best options.</p>
<p>Payments controls</p>	<p>All payments are supported by invoices, authorised, and minuted. Randomly selected items including: - Payment of £600 for advert in Local Living Magazine: Payment of £20.06 for Wave Water Bill for the Allotments and payment of £987.33 to Holland Wing for Welland Footbridge work, were checked and confirmed. VAT on payments is automatically identified by the clerk, recorded and reclaimed. A full system is in place and VAT is reclaimed quarterly. The following payments are shown on the Barclays account in respect of VAT refunds. £1847.02 in May 2021, £2683.07 in August 2021, £1213.94 in November 2021 and £2879.91 in February 2022. However, on two Scribe reports an anomaly has come to light. These have been rectified but further investigation is needed and the anomaly may go back to 2021</p> <p>S137 expenditure is recorded separately. This heading includes all items that are not covered by the specific Powers and Duties of the Parish Council. £6000 is shown as a grant to the library, £6000 to the Youth Group and £250 to the 2021 Poppy Appeal. A total of £4200 is shown in respect of grants to parishioners which does not include grants arranged and paid for on behalf of the Deepings Business Support Group. The Council currently has an amount in the current account which it holds on behalf of the Club.</p> <p>The Council's accounts are held at Barclays Bank and Unity Trust. When necessary, the Clerk is authorised to transfer funds from the Barclays current account to Unity Trust account to cover expected payments. The Council is currently in the process of transferring money from Barclays to a savings account with the Unity Trust account as</p>

<p>Proper Bookkeeping All Accounts are held on Computer and there is no separate manual system.</p>	<p>the amount with Barclays is currently in excess of the £85,000 guaranteed limit. The question of banking is considered regularly at Financial and General Purposes Committee meeting as the Council looks for better deposit interest rates. (They may wish to consider the Cambridge Building society which offers a Council saver Account currently paying 0.2%). According to the March Barclays statement for account number 23722708 money held in this Reward account earned a total of £8.98 interest in the 2021/2022 this tax year. The Council is currently trying to update the mandate with Barclays to ensure that four named Councillors are signatories.</p> <p>The Clerk has responsibility for all book-keeping apart from the payroll which is administered by CTAX. The Clerk uses Scribe software and has confirmed that: -</p> <p>The Scribe Accounting system is regularly maintained. Up to date reports are shared at finance meetings and kept separately in a secure place Back-up copies are made of all files. The electronic cashbook is continually balanced. Very few cheques are now issued. During this year two payments were made by cheque. £250 as a donation to The Poppy Appeal and one other cheque for £15 for the transfer of a shed from one tenant to another on the allotments. This payment, in and out, is clearly shown on the October bank statement although it is recommended that such transactions are avoided if possible. Because it is good practice to ensure that allotment holders have insurance (as recommended by National Allotment Society and included in LALC training) the Parish Council now collects the Allotment membership fees at the same time as the allotment rents. The Council is also holding a payment of £250 from District Councillor Phil Dilks for the "Men in Sheds group" as they do not have a bank account. This is held in the Reserve account.</p>
<p>Budgetary controls</p>	<p>The Council prepares an annual account in support of its precept. The following variances have been noted</p> <p>There were increases from the previous year in the following budgets - Rent gas electricity telephone and broadband Fees and memberships Insurance Jubilee Park Maintenance of trees and hedges Green waste disposal Staffing costs Play equipment improvements</p> <p>The following new budget headings were created in this year - Security patrols Land ownership legal fees – Playing field and leisure centre</p> <p>The Annual Precept for 2022 2023 was set at £161,458.48 with no increase on the Band D charge shown on the Council Tax Bill in comparison to the 2021/2022 precept. Actual expenditure against budget is reported at least quarterly to the full Council.</p>

Income controls	<p>All income is properly recorded, receipts issued where necessary and promptly banked. It is usual that, throughout the year, apart from the allotment renewal, only small amounts of cash and cheques are received.</p> <p>The precept for 2021/2022 was set at £156,919 an increase of 4.7% on the previous year. £78459.50 is recorded as being paid on 7<sup>th</sup> April 2021 and £78459.50 on 19<sup>th</sup> October 2021.</p> <p>The Council received payments from SKDC of £1158.30 for community cleaning of amenity areas and £1800 as a contribution towards the cost of railings around the Play Equipment at Hereward Way. In addition, in this accounting period £1659.57 was received from L.C.C for grass cutting.</p>
Bank reconciliation	<p>Bank reconciliation is carried out monthly by the Clerk. Statements are now provided online and are printed off by the Clerk when necessary.</p>
Risk Management arrangements	<p>A scan of the minutes to date does not identify any unusual financial activity.</p> <p>The Council has a Risk assessment policy in place which was reviewed on 19<sup>th</sup> August in Finance and General Purposes. Risk assessments are undertaken on Council activities such as the Annual Footpath Walks.</p> <p>Insurance cover, recommended by BHB Insurance, is now in place with Aviva. This is a three-year agreement minuted in the April 2021 minutes (Minute 164.21). Internal financial controls are documented.</p> <p>Full risk assessment has been undertaken at the cemetery and is ongoing. Whenever possible regular assessments are undertaken at the skate park and these are recorded weekly. The children's play equipment near the Cemetery is the responsibility of South Kesteven District Council. Any safety problems reported to the Parish Council are either dealt with by Council employees or reported on to SKDC.</p> <p>Play equipment in Churchfields, Thackers Way, Linchfield Road and Hereward Way is regularly inspected.</p>
Assets controls	<p>The Council keeps an asset register of all material assets and they are insured at replacement value. The register has been updated and a number of new assets have been added and insured. These include two new cabinets for Electricity Meters, five new rubbish bins, a bench at Frognall, a strimmer and a lawn mower</p> <p>The Council has no Investments apart from the Deposit Account with Barclays Bank. Money continues to be set aside for an Open Space Land Acquisition Fund and consideration could be given to longer term investment for this fund. At the January meeting of the Finance and General Purposes committee it was recommended that this be renamed Land / Premises acquisition. This was accepted at the full Council meeting on 27<sup>th</sup> January 2022.</p>
Year End Procedures	<p>Year-end accounts are prepared on the correct accounting basis. (Income and Expenditure)</p> <p>There is an audit trail from the underlying financial records to the accounts.</p> <p>Income this year is shown as £171,782.07  Expenditure is shown as £163,026.76  Ear marked funds are held for various ongoing projects.</p>

	<p>The budget was agreed at the January 2022 full council meeting.</p>
<p>Payroll Controls</p>	<p>No payments have been made to the Clerk and Assistant Clerk apart from salary and reimbursement for expenses. It is noted, however, that both the Clerk, Assistant Clerk and Maintenance workers have all made purchases a number of items for the Council for which they have been re-imbursed. These payments are made separate to salaries and receipts are provided. The Council has provided a credit card, with a £500 limit, for the Clerk to use whenever possible</p> <p>The Council as an employer properly operates both PAYE/NIC.</p> <p>The Council has agreed that payment of salaries and deductions such as Tax, NI and pension contributions may be made in accordance with the payroll records and on the appropriate date, provided that each payment is reported to, and ratified by, the next available Council meeting. Salaries and wages of the Clerk, Assistant to the Clerk and Maintenance workers are paid by bank transfer monthly on the 24<sup>th</sup> of the month.</p> <p>Contracts read that "Exceptional Additional Hours required to be worked must be approved by the Council but the following is minuted :-</p> <p>The Clerk has authority to agree additional hours for the Maintenance Workers and Assistant Clerk when work it is required to be done urgently, up to a maximum cost of £200 in any one instance. (F&amp;GP Committee minutes 21<sup>st</sup> July 2011 (21.11) Full council meeting 28<sup>th</sup> July 2011 (minute 40.12). I cannot find mention of the above being amended but understand that this is currently under review.</p> <p>The Council uses electronic filing for Payroll as is obligatory.</p>
<p>Other Matters</p>	<p>The Hall Meadow Estate Charity (No 247375).</p> <p>On the current statement the bank credit is shown as £2,169.37. With effect from August 2011 this money is in a deposit account number 13107795.</p> <p>The current 20-year lease was agreed with the Parochial Church Council on 1<sup>st</sup> April 2012 with 5 yearly rent reviews.</p> <p>The last review took place in 2018 and the next review is due in 2023.</p> <p>Councillor vacancies have occurred over the past year and these have been filled.</p> <p>Staff and Councillors are encouraged to attend training courses some of which continue on Zoom. Christine Halls and Kate Shinkins-Hoppe are listed as having attended courses and, two new Councillors, Jack Little and Diane Rose attended a course on 27<sup>th</sup> April 2021. In addition, Louise Brown, and the Clerk have continued to attend relevant training sessions.</p> <p>The Clerks latest appraisal took place on 22<sup>nd</sup> March 2022. The appraisals for the other 4 staff have not yet been completed.</p> <p>Apart from the Clerk all members of staff have had their full holiday entitlement and, when necessary, have carried forward hours allowed. The Clerk has 5 hours which cannot roll over and the Council may wish to reimburse her for this amount.</p> <p>The Staff handbook and contracts are being reviewed by "Keeping HR Simple" and this may affect future staff contracts.</p>



As agreed at the Full Council Meeting on 26 May 2022 I will sign section 4 of the Annual Internal Audit Report within the Annual Governance and Accounting Return for 2021/2022

When making the suggested checks it has always been possible to verify everything and find a paper or e-mail trail.

**REDACTED**

Carol Precey

