

Addendum to Annual Internal Audit Report 2021/22

Tingewick Parish Council

Auditor's Comments and Recommendations

A	<p>Appropriate accounting records have been properly kept throughout the financial year.</p> <p>Comment: Receipts and payments and budgetary information are contained in Excel spreadsheets.</p> <p>Recommendation 1. Add a bank reconciliation column to the receipts and payments Excel to monitor all transactions recorded against the bank statement entries for any given month.</p> <p>Recommendation 2. The authority should consider moving to a bespoke software package designed for local authority accounting to assist the Clerk (e.g. Scribe, Rialtas).</p>	Yes
B	<p>The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</p> <p>Comment: Payments submitted for authorisation by the Clerk were in a list form without associated hard copies of the invoices. No evidence VAT had been separately calculated and recorded, and no evidence of a VAT 126 claim had been submitted to HMRC. The implication of this is the authority may have understated income. It is unclear how online bank payments are countersigned by 2 signatories.</p> <p>Recommendation 3. While the authority has up to 3 years to claim back VAT, it is good practice to submit a re-claim to HMRC every calendar year so that claims do not unexpectedly exceed the time limit and to assist budgetary control.</p> <p>Recommendation 4. All payments should be recorded in the meeting minutes either as an agenda item or appended as a list to the minutes and signed as approved by the Chair. Hard copies of each listed invoice should be presented for checking against the payments list and countersigned by 2 signatories.</p> <p>Recommendation 5. It is good practice for all online payments be assigned a unique reference number to identify the one payment from another and to avoid the risk of duplicated payments.</p> <p>Recommendation 6. The authority's Financial Regulation were adopted in May 2018. A fundamental review of the regulations should be undertaken and modified to properly reflect how the authority manage and monitor their finances. As there has been a transition from cheque based to online payments this should set out in more detail as to how banking arrangements and authorisations are carried out.</p>	No

C	<p>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p> <p>Comment: No evidence a financial risk assessment was carried out which could expose the authority to possible fraud and/or operational difficulties should the Clerk not be able to carry out their duties as RFO. It is noted a risk assessment has been completed for 2022/23.</p> <p>Recommendation 7. As part of the AGAR prepare annually a risk assessment as set out in section 17.1 of the authority's Financial Regulations.</p>	No
D	<p>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p> <p>Comment: It is unclear a budgetary process took place as per sections 2 and 3 of the authority's Financial Regulations. No reports are included in the meeting minutes to show the budget v expenditure was reviewed throughout the year. This would have made it difficult to set next year's budget and precept. These weaknesses could have resulted in an inadequate precept for 2022/23.</p> <p>Recommendation 8. The authority should appoint two councillors to work with the Clerk as a budget setting group. The group to assess the budgetary needs of the authority for the coming financial year and set the precept amount.</p> <p>Recommendation 9. The budget setting group to work to a recommended timeline: By November meeting – First draft budget/precept for review and comment By December meeting – Finalise budget/precept for review and comment For January meeting – Agree budget and precept and record resolution in the minutes January* - Submit precept to Buckinghamshire Council</p> <p>* assumes a submission deadline of end of January.</p>	No
E	<p>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p> <p>Comment: Income was correctly recorded, and the authority is not registered for Output VAT.</p>	Yes
F	<p>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</p>	n/a

G	<p>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</p> <p>Comment: The authority was not compliant with section 7 of its own Financial Regulations regarding the payment of salary to the Clerk.</p> <p>Recommendation 10. The authority must register as an employer with HMRC and make arrangements for an individual (or third party organisation) to calculate the Clerk salary and what is due to HMRC on a monthly basis.</p> <p>Recommendation 11. The Clerk to produce a timesheet with payment details to accompany the invoices to be authorised at the monthly meeting (see Recommendation 4).</p>	No
H	<p>Asset and investments registers were complete and accurate and properly maintained.</p> <p>Comment: An asset list was in place but did not have asset values that align with the figure recorded in column 9 Section 2 Accounting Statements 2021/22.</p> <p>Recommendation 12. Update the asset list to include purchase or assessed cost values to match the total value of the fixed assets.</p>	No
I	<p>Periodic bank account reconciliations were properly carried out during the year</p> <p>Comment: No evidence bank reconciliation were conducted during the financial year. Refer to Recommendation 13 to address this.</p>	No
J	<p>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</p> <p>Comment: While an end of year accounting statement was prepared, no monthly financial reports were produced to provide the councillors with an ongoing or up to date position on the authority's finances.</p> <p>Recommendation 13. A monthly finance report should be produced and presented at the monthly meeting. The report should contain as a minimum:</p> <ul style="list-style-type: none"> • <i>A monthly bank reconciliation</i> • <i>The budget set for each budget line, year to date spend per budget line and remaining budget per budget line.</i> • <i>VAT expenditure and running total to be re-claimed</i> • <i>Income received broken down by income lines (e.g. Precept, Grants, Interest)</i> 	No

K	<p>If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick “not covered”)</p> <p>Comment: The authority had a limited assurance review in 2018/19. No returns were submitted in years 2019/20 and 2020/21 but it must be assumed limited assurance reviews would have been appropriate, and therefore likewise for 2021/22.</p>	n/a
L	<p>The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.</p> <p>Comment: The authority’s website contains no relevant financial information, therefore the parish community have no visibility of the authority’s finances.</p> <p>Recommendation 14. The inclusion on the website of a page dedicated to the Annual Governance and Accountability Return. As a minimum, the information should include:</p> <ul style="list-style-type: none"> • <i>Notice Period for the exercise of Public Rights</i> • <i>Annual Governance Statements</i> • <i>Accounting Statements</i> • <i>Internal Audit Report (including this document)</i> • <i>End of Year Bank Reconciliation</i> • <i>Statement to External Auditor</i> • <i>External Audit Report</i> • <i>Notice of Conclusion of Audit</i> 	No
M	<p>The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).</p> <p>Comment: Due to no return submitted there was no published period for the exercise of public rights. Refer to Recommendation 15 to address this.</p>	No
N	<p>The authority has complied with the publication requirements for 2020/21 AGAR</p> <p>Comment: Due to no return submitted the publication requirements were not met.</p> <p>Recommendation 15. On receipt of the publication requirements the Clerk to alert the councillors to the 1 July and 30 September deadlines, and agree the time and resources required to comply.</p>	No
O	<p>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.</p>	n/a

Brian Fludgate

(appointed Internal Auditor)

30 November 2022