

## Agenda Item 7

### Addressing the Internal Auditors Concerns:

Heading	Current	Recommendations	Proposed Actions
Book Keeping	The Council Currently uses Excel Spreadsheets	Given the size of the Council's budget I would recommend the use of a sector specific accounting package such as Scribe or Rialtas (others are available) to help with the accounting task as there are some significant issues with how the accounts are currently set up. I cannot confirm that they are an accurate representation of the Council's accounting position.	The Clerk has contacted Scribe who specialize in accounting systems for Parish & Town Councils. The Council will need a bespoke package to cover all its current accounting needs, the Clerk will report back with costs and timescales.
Book Keeping	Cashbook is maintained and up to date. There is only one cashbook, there should be a cashbook for every bank account and each petty cash account.	I would recommend that the Council secure the help of an accountant to set up the sheets needed for income and expenditure accounting if it will not move to a proper accounting system.	The Council currently runs separate spreadsheets for Council Income, Council Expenditure, Allotment Rent Collection, Petty Cash, Luncheon Club Petty Cash and Luncheon Club Receipts. These would be replaced if a bespoke accounting system is approved, otherwise the Council should take the Auditors advice and engage an Accountant to upgrade the current spreadsheets.
Book Keeping	Is cashbook arithmetically correct?	Yes, insofar as the numbers do add up across rows and columns, but there is a confusion of multiple cashbooks onto one sheet. It is not possible to determine from the cashbook what the expected balance is on the bank account each month.	If the Internal Auditor had requested Clarification the Clerk would have submitted other spreadsheets to corroborate the various other cashbook inclusions in the Councils Income & Expenditure sheets.
Responsible Finance officer	Has a Responsible financial officer been appointed with specific duties? Yes, the Clerk performs this role.	I would recommend some specialist accounting support for the Clerk to ensure that they understand how to do income and expenditure accounting correctly.	The Clerk will be taking advice on the correct procedure for income & expenditure accounts either locally or through LALC.
Quotes & Tendering	The Council appears to seek quotes for large purchases but they are not putting items over the limits on contracts finder as required under legislation.	I recommend that the Clerk is given time to brush up on the requirements for notifying of contracts awarded - this has recently been changed by the new Procurement Act. The Council is currently not meeting its duty.	The Clerk will read the new Procurement Act and seek advice on how and when it needs to be implemented and what needs to be published on contracts finder.
Budget Preparation	Yes, this was drafted by the RFO and presented to the Council for consideration. There is only one comparison prior year which is not in line with best practice. 2023-	Again, the relevant software houses build budgeting into their accounting packages which would ensure that Council is following best practice guidance and can	The Clerk will take on board the comments using the previous two years figures to assess budgetary needs for the following years budget and precept level. The Clerk is currently drafting a three-year plan for immediate and intermediate repairs and

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	24 should also be included to show changes over a longer period.	get a myriad of reports at the touch of a button.	renewals including larger items that will need to be budgeted over more than one financial year. The three-year plan will be a rolling programme which can be adjusted and added to as future equipment renewal's, works and new projects occur. This will help with budgeting and allow the Council more flexibility when dealing with mainly larger scale works projects.
Petty Cash	Cash is in a cashbox which is locked and kept in a locked drawer. The Clerk manages the banking regularly.	I recommend that the Council invests in a safe for the office.	The Clerk has purchased a safe with an insurance rating of £1000 which is more than adequate for the current petty cash floats.
Petty Cash	The sample requested was not provided - an overview sheet was given but no receipts were attached.	Councillors should be able to request to view receipts to verify expenditure has occurred.	Councillors are able to request to look at all Council finance documents including income and expenditure accounts, petty cash, invoices, vat and other finance related documents.
Petty Cash	Yes petty cash expenditure is recorded in the accounts, however the expenditures are included on the main cashbook, presumably so that it is captured within the analysis columns. There should be a separate sheet which shows the opening balance of the account and the subsequent expenditures. The main cashbook should only record the transfers to and from the petty cash account.	I recommend that the spreadsheets are overhauled to properly represent a petty cash imprest account with a fixed amount eg £200 which is the opening balance transferred in. Currently the spreadsheets do not show the opening balance. The analysis columns can be linked to a summary sheet which monitors the budget instead of trying to make the main cashbook do everything as it is not working correctly.	Petty Cash has its own accounts including invoices and only appears in the main account monthly when the float needs topping up. The expenditure is broken down into individual budget headings in the main account. All transactions in the Petty Cash are recorded and where necessary any vat paid is reclaimed.
Bank reconciliation	No, whilst the year-end bank reconciliation covers all of the Council's accounts, there should be monthly reconciliations for each account. This and the lack of evidence of monthly reconciliations being carried out is the reason for my answering 'No' to Control Objective I.	I recommend that a software solution is purchased but failing that, template reports for each cashbook should be established.	Bank reconciliation is usually carried out monthly but may be two monthly when workload is high. Bank reconciliations appear on the agenda for information at least quarterly for Councillor information. The Clerk will instigate a system where reconciliations are signed off by a Councillor monthly or at the least quarterly.
Bank reconciliation	There is an unidentified error amounting to £42.98 recorded in the cashbook. This is not highlighted on a reconciliation report.	This problem has been found at year-end – had monthly reconciliation reports been carried out it would be easier to narrow down the problem - recommend monthly reconciliations are documented.	The error occurred in the final month of the year Mrs Pearson asked that the Clerk check the previous 4 years accounts and address her concerns regarding Debtors and Creditors and the treatment of Vat. This was done and the error is related to the reconciled Year End. Due to time constraints in sending the accounts to the External Auditors this discrepancy was not satisfactorily dealt with.
Is the value of investments held summarised on the reconciliation?	N/A no investments held.	The Council has over £100,000 in reserves, it should have an investment policy in place to ensure that this money is	The Clerk will investigate an investment policy that will meet the Council's needs and protect the Council's reserves

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		managed effectively. Recommend that the Council gets a policy in place asap.	
Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, income and expenditure. However, the oversimplification of the spreadsheets (which are really set up for a receipts and payments council) means that there is incorrect recording of some of the transactions. The luncheon club contra is an example of this - it seems that expenditure is being coded back as both income and expenditure but it doesn't impact on the luncheon club's income figures which are banked whole and leaving the club with an increasing deficit, which doesn't really make sense. The luncheon club petty cash spreadsheet should contain income and outgoing (with an opening balance) and the only thing to be logged to the main bank cashbook should be transfers of actual cash between the main bank and the cash tin. If the club is supposed to be standalone then the Council shouldn't be banking all of its income into its own account.	I recommend that the accounts are reviewed again with the benefit of an accountant's support as they are not telling the story clearly as to what has been happening with the Council's accounts through the year. I have not looked back at prior years but I suspect that they will also need looking at to make sure that everything is in order.	The Luncheon Club is not standalone with the cooks being paid by the Council, the club is run with the aid of unpaid volunteers. The Luncheon Club has its own spreadsheet and petty cash spreadsheet. The Clerk was advised to use a Contra payment system for the purchase of foodstuff and essentials where the petty cash is taken from that week's income and only any surpluses are banked. The Contra payments appear on both the income and expenditure spreadsheets as the figure is both income and expenditure of an equal figure. The actual income for the luncheon club is the sum of Luncheon Club Income plus the Luncheon Club Provisions C shown in the income spreadsheet and on the monthly Outturn. The Clerk will seek advice on how best to deal with income and expenditure relating to the Luncheon Club and if this method of accounting for the Luncheon Club then a more appropriate method of doing the accounts will be adopted.
Do accounts agree with the cashbook?	It feels like there are a couple of spreadsheets missing that the Council needs to improve the accuracy of the accounts. Currently there are errors in recording because the various bank accounts are not separated. The current 'cashbook' is not a true cashbook that can be balanced against the main bank account.	It would be helpful for the status of the luncheon club to be explained - is this a council initiative or a standalone entity? Whichever is correct there is an incorrect treatment of the money and accounts for it which needs to be resolved.	The answer to the previous question covers this item.
Where appropriate, have debtors and creditors been properly recorded?	No, whilst the allotments spreadsheet records the details of amounts owed the inclusion to the year-end accounts doesn't seem to tally. The failure to let plots does not constitute a write off of the 'possible' income - the Council should only be writing off invoices where payment has not been received and is unlikely to be (eg the plot	recommend that the Council receive training on proper practices and the SAPPP practitioner's guide.	The Clerk will take this onboard the treatment of lost income through vacancy and will not include the figure in the loss for future audits and will only include uncollectable rents.

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	holder has moved away and refuses to pay and its not economic to take further action).		
Record of Minutes	I have reviewed all of the minutes and confirm that they are all signed as required. It is unfortunate that they are not all available on the Council's website as this does not help with the Council meeting legislative requirements and supporting transparency, however I am aware that works are being done to the website and this may be the cause.	I understand that the Clerk has been suffering as a result of absences amongst other staff. I would recommend that the Council seek locum support to cover such absences in future, particularly when busy periods such as year end are happening. It is clear from the audit that the Clerk has, understandably, been struggling to pull everything in.	The Council will need to look at locum cover for long term staff absence's including how these can be covered. This will need further thought as this could have implications to the council budget.
Do the Council have a .gov.uk domain and dedicated email addresses for Council business?	No the Council is still using an org.uk domain and has resolved to continue doing so at the year-end. However all Councillors and the Clerk have domain linked email addresses, which meets best practice standards.	The cost of the gov.uk domain has reduced significantly this year and so this is not as unattainable as it may have been this time last year. It is recommended that the Council reconsider this stance as it is likely that Councils will be pushed towards this as part of future audit requirements.	Although the Council currently meets best practice this is a point where Government has been steering Parish & Town Councils in this direction, with the likelihood of this becoming a mandatory need. The Parish Council will need to reconsider its current position and may need to look at this as mandatory in future years.
Payments made in accordance with financial regulations, cheques, online banking, BACS, DD, credit or debit cards, other payments	Yes, majority of payments are still made by cheque, cash or card. The Council should consider phasing out cheques and progressing to online banking moving forward.	I recommend phasing out cheques going forward.	The Council is in the process of setting up online banking and once the three Councillor signatories have contacted the bank and received their On-Line Banking Packs and registered the Council will start paying its bills by either Bank Transfer or Direct Debit.
S137 Grants- Do Grant Recipients fill in a report after given?	Currently reports are not required as payment of grants is not made until the end of the project, however the Clerk will introduce the requirement going forward.	Recommend Council to consider seeking after grant reports to show what the money has been spent on and the outcomes achieved.	The Council will introduce end of Grant reports for all future grants awarded.
Are all the councils policies available to view on the PC Website?	No. Documents published on the website are very limited and the Council is not meeting expectations under the transparency guidance nor requirements of the Freedom of Information Act.	Recommend the Council considers the policies it has and try to have them all published online or create those missing as necessary.	The Council has been reviewing and updating its policies starting with the Standing Orders and Financial Regulations. The intention is to continue this throughout 2025-26 replacing older polices with latest editions. These will be posted on the updated website as the policy is approved by the Council.