

CUCKFIELD PARISH COUNCIL

INTERNAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2021

INTERNAL CONTROL		COMMENTS AND OBSERVATIONS
1.	Arising from previous Audit	<p>Regarding the Annual Governance and Accountability Return (AGAR) for the year ended 31 March 2020, the external auditor reported that there were no matters giving cause for concern that relevant legislative and regulatory requirements had not been met.</p> <p>At the Meeting of the Full Council held on 9 July 2020, the internal audit report was noted and approved (Minute FC037 refers), and Sections 1 and 2 of the AGAR were approved (Minutes FC039 and FC040 refer).</p>
2.	Bookkeeping	<p>The Council uses a long-established computerised accounting system which meets its requirements and which the Clerk is conversant with. It also uses ① a bookings system from the <i>same</i> provider to manage bookings for the Queen's Hall and Cuckfield Village Hall, and ② an allotments management system from a <i>different</i> software provider to manage the sites at Courtmead Road and Whitemans Green.</p> <p>A random check of the underlying paperwork relating to receipts and payments provided evidence of cross-referencing and showed that information had been input accurately. The cash book had been kept up to date and the balance regularly verified against bank statements.</p> <p>A random sample check of both invoices issued by the Council and</p> <p style="text-align: right;"><i>cont.</i></p>

2.	Bookkeeping (cont.)	<p>invoices received from suppliers confirmed that where relevant, VAT had been identified, recorded and accounted for. Net VAT had been reclaimed by the submission of quarterly returns to HM Revenue and Customs, with refunds being credited to the Council's bank account.</p>
3.	Standing Orders and Financial Regulations	<p>Examination of minutes confirmed that the Council had reviewed its Standing Orders and Financial Regulations. At the thirty-fifth Annual Meeting of the Council held on 14 May 2020, unchanged Standing Orders and Financial Regulations were reviewed and re-adopted (Minute FC010 refers). Updated Standing Orders – to reflect 2020 revisions – were subsequently approved and adopted by Full Council on 28 January 2021 (Minute FC111 refers).</p> <p>The Financial Risk Register was considered and approved by the Finance and General Purposes Committee on 25 April 2019, (Minute FGP57 ii) refers). If it has not been reviewed since then, it is recommended that this is done during the 2021/22 financial year.</p>
4.	Risk Management	<p>Examination of minutes revealed that a number of reviews had been carried out in order to ensure the ongoing identification and management of risks faced by the Council.</p> <p>For example: ① the audit plan and internal control procedures were approved by Full Council on 9 July 2020 (Minute FC038 refers); ② COVID-19 risk assessments in preparation for the return of hirers and staff were ratified by Full Council on 3 <i>cont.</i></p>

4.	Risk Management (cont.)	<p>September 2020 (Minute FC055 refers).</p> <p>There was nothing to suggest any out of the ordinary activities that had not been taken into account.</p>																								
5.	Budgetary Controls	<p>At appropriate intervals throughout the year, Members were provided with 'Financial Budget Comparison' reports, extracted from the Council's accounting system. For each Committee and its associated budget headings, these showed actual income/expenditure against budget.</p> <p>Examination of minutes confirmed that the Council had gone through a forecasting and budgeting exercise, concluding with the approval of a 3.05% increase in the precept for the ensuing financial year - up from £227,067 to £234,000 (Meeting of the Full Council, 28 January 2021, Minute FC103).</p>																								
6.	Income	<p>Because cash brings higher risks and requires greater controls, the Council receives the majority of its income by direct credit (for example BACS) to its bank account or by cheque.</p> <p>The following seven credits, received between 7 April 2020 and 1 March 2021, were selected at random:</p> <table border="1" data-bbox="794 1585 1348 1877"> <thead> <tr> <th>Date</th> <th>Txn No.</th> <th>Amount (£)</th> </tr> </thead> <tbody> <tr> <td>7/4/20</td> <td>4183</td> <td>105.30</td> </tr> <tr> <td>18/5/20</td> <td>WG25A</td> <td>75.00</td> </tr> <tr> <td>11/6/20</td> <td>4241</td> <td>2,015.00</td> </tr> <tr> <td>29/9/20</td> <td>4269</td> <td>66.00</td> </tr> <tr> <td>10/11/20</td> <td>4310</td> <td>323.40</td> </tr> <tr> <td>27/1/21</td> <td>4345</td> <td>122.37</td> </tr> <tr> <td>1/3/21</td> <td>4355</td> <td>700.00</td> </tr> </tbody> </table> <p>They were checked against ① supporting invoices issued/</p> <p style="text-align: right;"><i>cont.</i></p>	Date	Txn No.	Amount (£)	7/4/20	4183	105.30	18/5/20	WG25A	75.00	11/6/20	4241	2,015.00	29/9/20	4269	66.00	10/11/20	4310	323.40	27/1/21	4345	122.37	1/3/21	4355	700.00
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6.	Income (cont.)	documentation and ② 'Received Income Transactions' sheets produced by the accounting system. All were found to be in order and the transactions had been reported to Council.																								
7.	Payments	<p>The following seven direct payments, made between 2 April 2020 and 22 February 2021, were selected at random:</p> <table border="1" data-bbox="794 674 1361 987"> <thead> <tr> <th data-bbox="799 674 906 707">Date</th> <th data-bbox="999 674 1118 707">Txn No.</th> <th data-bbox="1182 674 1353 707">Amount (£)</th> </tr> </thead> <tbody> <tr> <td data-bbox="799 712 906 745">2/4/20</td> <td data-bbox="1023 712 1094 745">3419</td> <td data-bbox="1214 712 1310 745">960.00</td> </tr> <tr> <td data-bbox="799 750 906 784">7/4/20</td> <td data-bbox="1023 750 1094 784">3433</td> <td data-bbox="1214 750 1310 784">532.15</td> </tr> <tr> <td data-bbox="799 788 922 822">21/7/20</td> <td data-bbox="1023 788 1094 822">3543</td> <td data-bbox="1214 788 1310 822">294.75</td> </tr> <tr> <td data-bbox="799 826 922 860">17/8/20</td> <td data-bbox="1023 826 1094 860">3584</td> <td data-bbox="1214 826 1310 860">588.85</td> </tr> <tr> <td data-bbox="799 864 938 898">26/10/20</td> <td data-bbox="1023 864 1094 898">3664</td> <td data-bbox="1214 864 1310 898">244.18</td> </tr> <tr> <td data-bbox="799 902 922 936">1/12/20</td> <td data-bbox="1023 902 1094 936">3721</td> <td data-bbox="1246 902 1310 936">6.00</td> </tr> <tr> <td data-bbox="799 940 922 974">22/2/21</td> <td data-bbox="1023 940 1094 974">3813</td> <td data-bbox="1198 940 1310 974">1704.00</td> </tr> </tbody> </table> <p data-bbox="799 1032 1369 1541">They were checked against ① supporting invoices received/ documentation and ② 'Paid Expenditure Transactions' sheets produced by the accounting system. With the exception of transaction number 3721, all were found to be in order: paperwork had been imprinted with an 'Approved for Payment' stamp, signed by two authorised signatories and dated accordingly, and the transactions had been reported to Council.</p> <p data-bbox="799 1585 1369 1899">Transaction number 3721 related to a direct debit to HM Land Registry in respect of title deeds for land north of Ardingly Road but there did not appear to be any signed paperwork in connection with the payment. This is clearly an oversight which can easily be rectified.</p>	Date	Txn No.	Amount (£)	2/4/20	3419	960.00	7/4/20	3433	532.15	21/7/20	3543	294.75	17/8/20	3584	588.85	26/10/20	3664	244.18	1/12/20	3721	6.00	22/2/21	3813	1704.00
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8.	Petty Cash	<p>In accordance with the Council's Financial Regulations, a petty cash float of £100.00 is available for the purpose of defraying incidental expenses. All claims for reimbursement must be supported by the appropriate receipt, voucher, etc. to substantiate the payment.</p> <p>The Financial Regulations also allow the Clerk and the Operations Officer to have use of a corporate card, which is settled in full by monthly direct debit.</p>
9.	Payroll	<p>The payroll function and administration on behalf of members of the Local Government Pension Scheme (LGPS) is outsourced to West Sussex County Council (WSCC). WSCC works in partnership with Hampshire County Council Pension Services to administer the LGPS.</p> <p>The Clerk is responsible for providing WSCC with the necessary base information to enable them to calculate monthly salaries and pension contributions.</p>
10.	Assets	<p>The Clerk maintains the Council's asset register using a module within the accounting software package. This makes it easier to manage existing assets and to record any acquisitions or disposals.</p> <p>The Council's principal assets are:</p> <ul style="list-style-type: none"> ① the Queen's Hall; ② public toilets at Broad Street car park; ③ Cuckfield Village Hall. <p>In terms of sums insured, add:</p> <ul style="list-style-type: none"> ④ Burial Ground and Chapel of Rest; ⑤ War Memorial; ⑥ the skate park at Whitemans Green. <p style="text-align: right;"><i>cont.</i></p>

10.	Assets (cont.)	<p>Adequate insurance cover was in place. Examination of minutes revealed that at the meeting of the Full Council held on 20 February 2020, insurance quotations for the ensuing financial year had been considered and a decision reached (Minute FC165 refers). The Asset Register was considered and approved by the Finance and General Purposes Committee on 25 April 2019, (Minute FGP57 i) refers). If it has not been formally reviewed since then, it is recommended that this is done during the 2021/22 financial year.</p>
11.	Bank Reconciliation	<p>Bank reconciliations were carried out on a calendar monthly basis. The reconciliation for September 2020 was checked; ① the 'true' closing balance of £234,572.25 from statement number 178 as per the accounting system, agreed to that shown on Unity Trust bank statement sheet number 059; ② there were no unexplained balancing entries.</p> <p>The reconciliation for February 2021 was also checked; ① the closing balance of £144,973.39 from statement number 183 as per the accounting system, agreed to that shown on Unity Trust bank statement sheet number 065; ② the 'true' closing balance of £145,118.86 from statement number 183 allowed for a VAT overclaim of £145.47 which had been explained under transaction number 3753; ③ there were no unexplained balancing entries.</p>
12.	Minutes	<p>A scan of the minutes for all Council and Committee meetings found them to be succinct and to the point. For each Committee, they were numbered sequentially for ease of reference. Despite the impact that COVID-19 restrictions had had on working</p> <p style="text-align: right;"><i>cont.</i></p>

12.	Minutes (cont.)	<p>practices, community activities and indeed on income streams, staff and Members had maintained busy schedules of both work and meetings.</p> <p>No unauthorised financial activity was identified.</p>
13.	Year End	<p>Year-end accounts, on an income and expenditure basis, were prepared with the assistance of a consultant from the Council's accounts package provider.</p> <p>The figures in Section 2 of the Annual Governance and Accountability Return (AGAR) were checked and agreed to the accounts.</p> <p>NB The 'not covered' box of objective L. of the Internal Audit Report has been ticked because the Council does not fall into this category, i.e. its annual turnover <i>exceeds</i> £25,000.</p>

Further to my review and compliance testing of the systems of financial and other controls in operation, I am pleased to conclude there are no significant issues arising that require consideration by the Council.

ANDREW STURGEON
Internal Auditor