

CUCKFIELD PARISH COUNCIL

INTERNAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2022

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 2021, the external auditor reported that except for the matter marked * below, there were no matters giving cause for concern that relevant legislation and regulatory requirements had not been met.</p> <p><i>* The External Audit Report for the 31 March 2020 Annual Governance and Accountability Return was emailed around to the Councillors rather than being presented formally to the Council at a meeting. Although there were no points raised for further review, we would expect the External Audit Report is presented to a Council meeting each year and minuted to satisfy assertion 7 in accordance with proper practices as set out in the Practitioners' Guide.</i></p> <p>At the thirty-sixth Annual Meeting of the Council held on 4 May 2021, the internal audit report was noted and approved (Minute FC021 refers), and Sections 1 and 2 of the AGAR were approved (Minutes FC023 and FC024 refer).</p>
2.	Bookkeeping	<p>The Council continues to use a number of well-established software packages to manage its finances (accounts and management information), allotments, assets and facilities (bookings).</p> <p>A random check of the underlying paperwork relating to receipts and payments provided evidence of cross-referencing and showed that</p> <p style="text-align: right;"><i>cont.</i></p>

2.	Bookkeeping (cont.)	<p>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 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-sixth Annual Meeting of the Council held on 4 May 2021, revised Standing Orders and unchanged Financial Regulations were adopted (Minute FC008 refers). The changes to Standing Orders involved Section 7 (Urgent Business) – to allow the Vice Chairman of a committee to form part of the Urgent Consultation Panel in the absence of the Chairman – and the addition of Section 29 (Special COVID Conditions).</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, at the meeting of the Community Buildings Committee on 24 June 2021, Members considered:</p> <p>① an update on the continued reopening of its halls in line with COVID-19 guidelines (Minute CB009 refers); ② an update regarding</p> <p style="text-align: right;"><i>cont.</i></p>

4.	Risk Management (cont.)	<p>maintenance issues at both of its halls (Minute CB011 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 3.19% increase in the precept for the ensuing financial year - up from £234,000 to £241,467 (Meeting of the Full Council, 20 January 2022, Minute FC167).</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 17 May 2022 and 3 March 2022, were selected at random:</p> <table border="1" data-bbox="794 1624 1348 1915"> <thead> <tr> <th>Date</th> <th>Txn No.</th> <th>Amount (£)</th> </tr> </thead> <tbody> <tr> <td>17/5/21</td> <td>4458</td> <td>579.15</td> </tr> <tr> <td>8/6/21</td> <td>4481</td> <td>126.36</td> </tr> <tr> <td>23/9/21</td> <td>4614</td> <td>4,415.00</td> </tr> <tr> <td>14/10/21</td> <td>4664</td> <td>801.80</td> </tr> <tr> <td>31/1/22</td> <td>4843</td> <td>164.40</td> </tr> <tr> <td>25/2/22</td> <td>4794 & 4854</td> <td>145.20</td> </tr> <tr> <td>3/3/22</td> <td>4877</td> <td>1,300.00</td> </tr> </tbody> </table> <p style="text-align: right;"><i>cont.</i></p>	Date	Txn No.	Amount (£)	17/5/21	4458	579.15	8/6/21	4481	126.36	23/9/21	4614	4,415.00	14/10/21	4664	801.80	31/1/22	4843	164.40	25/2/22	4794 & 4854	145.20	3/3/22	4877	1,300.00
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6.	Income (cont.)	They were checked against ① supporting invoices issued/ 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 7 April 2021 and 14 February 2022, were selected at random:</p> <table border="1" data-bbox="794 752 1358 1070"> <thead> <tr> <th data-bbox="799 752 874 786">Date</th> <th data-bbox="999 752 1114 786">Txn No.</th> <th data-bbox="1182 752 1353 786">Amount (£)</th> </tr> </thead> <tbody> <tr> <td data-bbox="799 792 906 826">7/4/21</td> <td data-bbox="1023 792 1090 826">3866</td> <td data-bbox="1190 792 1310 826">1,700.00</td> </tr> <tr> <td data-bbox="799 833 922 866">21/6/21</td> <td data-bbox="1023 833 1090 866">4001</td> <td data-bbox="1214 833 1302 866">359.63</td> </tr> <tr> <td data-bbox="799 873 922 907">26/7/21</td> <td data-bbox="1023 873 1090 907">4038</td> <td data-bbox="1190 873 1310 907">1,500.07</td> </tr> <tr> <td data-bbox="799 913 922 947">23/8/21</td> <td data-bbox="1023 913 1090 947">4086</td> <td data-bbox="1190 913 1310 947">1,552.32</td> </tr> <tr> <td data-bbox="799 954 922 987">8/11/21</td> <td data-bbox="1023 954 1090 987">4190</td> <td data-bbox="1214 954 1302 987">551.17</td> </tr> <tr> <td data-bbox="799 994 922 1028">9/12/21</td> <td data-bbox="1023 994 1090 1028">4251</td> <td data-bbox="1238 994 1302 1028">72.00</td> </tr> <tr> <td data-bbox="799 1034 922 1068">14/2/22</td> <td data-bbox="1023 1034 1090 1068">4320</td> <td data-bbox="1214 1034 1302 1068">400.00</td> </tr> </tbody> </table> <p>They were checked against ① supporting invoices received/ documentation and ② 'Paid Expenditure Transactions' sheets produced by the accounting system. 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>	Date	Txn No.	Amount (£)	7/4/21	3866	1,700.00	21/6/21	4001	359.63	26/7/21	4038	1,500.07	23/8/21	4086	1,552.32	8/11/21	4190	551.17	9/12/21	4251	72.00	14/2/22	4320	400.00
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8.	Petty Cash	<p>Whilst the Council's Financial Regulations allow for a petty cash float of £100.00 to defray incidental expenses, it is understood that this is no longer used. Instead, the preference is for the Clerk and the Operations Officer to use the Council's corporate card (as per Financial Regulations), which is settled in full by monthly direct debit. All transactions must be substantiated</p> <p style="text-align: right;"><i>cont.</i></p>																								

8.	Petty Cash (cont.)	by the appropriate receipt, voucher, invoice, etc.
9.	Payroll	<p>The payroll function and administration on behalf of members of the Local Government Pension Scheme (LGPS) continues to be 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 Council continues to use a software package to manage its assets and to record any acquisitions or disposals.</p> <p>Its 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 War Memorial; ⑤ the skate park at Whitemans Green. <p>It was noted that although the Burial Ground and Chapel of Rest had an insurance value of £275,000 recorded in the asset register, it was not included as an individual item on the insurance policy schedule. It is recommended that this anomaly be investigated in order to ensure that the Council's ongoing insurance requirements have been met.</p> <p>It is also recommended that the Council review its fidelity guarantee, which was £100,000 for the financial year. This is because total balances exceeded</p> <p style="text-align: right;"><i>cont.</i></p>

10.	Assets (cont.)	<p>£431,000 at 30 September 2021, following receipt of the second half-year precept payment. An increase in the level of cover may be prudent.</p> <p>Examination of minutes revealed that at the meeting of the Full Council held on 1 April 2021, insurance quotations for the ensuing financial year had been considered and a decision reached (Minute FC133 refers).</p>
11.	Bank Reconciliation	<p>Bank reconciliations were carried out on a calendar monthly basis. The reconciliation for July 2021 was checked; ① the 'true' closing balance of £241,698.64 from statement number 188 as per the accounting system, agreed to that shown on Unity Trust bank statement sheet number 072; ② there were no unexplained balancing entries.</p> <p>The reconciliation for December 2021 was also checked; ① the closing balance of £204,488.21 from statement number 193 as per the accounting system, agreed to that shown on Unity Trust bank statement sheet number 079; ② 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.</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>

13.	Year End (<i>cont.</i>)	The figures in Section 2 of the Annual Governance and Accountability Return (AGAR) were checked and agreed to the accounts.
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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