

Fyfield Parish Council

Internal Audit Report 2021-22

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Background

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report details the work undertaken in relation to the 2021-22 financial year following the initial provision of a raft of documentation in electronic format and our visit to the Clerk's home on 16th May 2022. We thank the Clerk for her assistance in progressing the year's review.

Internal Audit Approach

In undertaking this year's review of the Council's records, we have again paid due regard to the materiality of transactions and their susceptibility to any potential misrecording or misrepresentation in the cashbook and year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'IA Certificate' in the Council's AGAR, which requires independent assurance over a series of internal control objectives.

Overall Conclusion

We are concerned to have to record that from our examination of the accounting / cashbook record of the year's transactions comparing that detail to the supporting bank statements, we have identified a number of inconsistencies in the former record, which throws a significant degree of doubt on the effectiveness of the clerk's and members' control over the Council's finances. Due to the extent of these errors, we have of necessity had to spend significantly more time on our review than planned, which has necessitated our recreating a meaningful and accurate record of the year's transactions and will, of necessity require us to give negative assurances in certain areas of the year's IA Certificate.

To assist the clerk, we have provided a copy of our reworked cashbook which has been balanced and reconciled to bank statements at the end of each quarter. We have also provided a schedule of the identified errors in the cashbook to the Clerk, as attached, together with a proforma cashbook for 2022-23 designed on the same basis as that created for 2021-22 and urge that this is implemented by the Clerk for that year. We trust that the attached schedule of identified anomalies will assist the Clerk and members going forward and help to ensure that the 2022-23 records are balanced and managed effectively throughout the year with members able to undertake a meaningful review of and agree the quarterly reconciliations that should be easily generated at the end of each quarter.

We have, consequently, set out the concerns identified in summary form in the following detailed report and ask members and the Clerk to take appropriate action to both improve the accuracy / quality of financial transaction recording and effectiveness of member scrutiny and control over the Council's financial transactions.

Due to the year's receipts and payments both exceeding £25,000, the Council will not be able to claim exemption from the external audit process for 2021-22 and will need to prepare a Form 3 AGAR for submission to the external auditors.

We also take this opportunity to remind the Clerk and Council of the need to publish all required documentation on its website in a timely manner in line with the guidance / requirements set out in the preface to the year's AGAR and to also ensure compliance with the timing requirements in relation to the Notice of Public Rights for the year.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objectives in this area are to ensure that the accounting records are maintained accurately and in a timely manner with detail reconciled routinely to the bank accounts in use. The Clerk has maintained the accounting records in Excel workbook format with two accounts in use with Barclays Bank plc (Current and Business Premium), the former being used for all day-to-day transactions and the second only recording the receipt of quarterly interest during the year.

We note that the spreadsheet format, as provided by us last year, has been changed to record the full year's receipts and payments on a single worksheet with no periodic balancing apparent. Whilst the Clerk's spreadsheet records the year's opening balances on each account in columns E & F, no further entries have been recorded to facilitate preparation of a reconciliation to the bank accounts during the year in those columns.

As indicated in the preface to this report, we have identified a number of anomalies in the recorded detail, as set out in the attached schedule, most of which effectively preclude the production of any meaningful reconciliation between the cashbook and bank statements during the year. The Council's Financial Regulations (FRs) stipulate that bank reconciliations should be undertaken at least once quarterly. Whilst the Excel workbook includes separate tabs purportedly recording the quarter-end reconciliations, the detail therein only records the bank statement values at each quarter-end, although examination of the underlying bank statements indicates that only the balances at 30th June 2021 and 31st March 2022 reflect the actual bank statement values at those dates.

Our conclusions on the inaccuracies existing in the cashbook as presented for our review have arisen from our checking of the year's bank statements to cashbook entries. As indicated in the preface to this report, we have had to rework / create a new cashbook which correlates more closely to the actual transactions for the year and generates meaningful quarter-end bank reconciliations. As also indicated in the preface, we have prepared a blank cashbook in similar format for the Clerk and urge that it is used as a template for recording the 2022-23 transactions. To also assist the Clerk, we have provided her with fairly detailed instructions on the way in which entries should be recorded and trust that the recording of transactions for 2022-23 will be both simplified and assist in ensuring greater accuracy and ease of reconciliation at the end of each quarter.

Conclusions and recommendations

The absence of any balancing of the cashbook during the course of the financial year is a cause for serious concern and will, of necessity, require us to give certain negative assurances in the IA Certificate in the year's AGAR. As indicated above, we have given a negative assurance in this respect in the AGAR and members will, similarly, have to give careful consideration to their response in the Governance Statement (Section 1) of the AGAR, particularly in relation to Boxes 1 to 3.

We are, however, pleased to note the allocation of sequential numbers to each payment processed during the year, even though the cashbook detail does not necessarily match the supporting invoice detail.

- R1. *The year's financial transactions should be recorded in an appropriate form of cashbook, facilitating agreement to bank statements and affording opportunity for the preparation of meaningful bank reconciliations at each quarter-end.*
- R2. *Formal bank reconciliations should be prepared by the Clerk and be reviewed by a nominated councillor, not involved in cheque signing or the payment release process, with both the reconciliations and bank statements duly signed off, dated and retained for audit inspection.*
- R3. *A more intuitive spreadsheet cashbook format should be implemented providing appropriate analysis of receipts and payments to feed into periodic budget reporting, reconciliation to bank accounts and the entry of financial detail in the year's AGAR.*
- R4. *The Council will need to give careful consideration to its own assertions in the AGAR Governance Statement (Section 1) particularly in relation to Boxes 1 to 3.*

Review of Corporate Governance

Our objective in this area is to ensure that the Council has robust corporate governance documentation and procedures in place; that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we may reasonably be expected to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have examined the Council's minutes for the financial year and to date in 2022-23, as posted on the website, to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability and are pleased to record that no such issues have been identified.

We note that both the SOs and Financial Regulations (FRs) have been revised during 2021-22 as recommended by ourselves last year: we have reviewed their content noting that they are in line with the latest NALC models. We are also pleased to note that they both reflect compliance with the 2015 Public Contracts Regulations in relation to high cost contracts, with the Council formally agreeing a value of £5,000 for formal tender action.

Conclusions and recommendation

As the Council's annual turnover is now greater than £25,000, it will not be able to exempt itself from the external audit process and will need to complete the Form 3 AGAR submitting the signed and dated AGAR Sections 1 & 2 to the external auditors in accordance with the timing detail set out in the preface to the AGAR.

We take this opportunity to remind the Clerk and Councillors of the need to ensure compliance with the website disclosure requirements as set out in the Accounts and Audit Regulations 2015 and summarised in the preface to the year's AGAR. We note that the 2020-21 Notice of Public Rights was posted on 15th June 2021, with the AGAR Exemption Certificate adopted by the Council on 21st June 2021: publication of the Notice should only occur after the AGAR Sections 1 & 2 are adopted and not on the latter date. Additionally, we note that the Notice quotes the period for inspection as 15th June to 12th August 2021, which is in effect 44 working days. The notice must be published for 30 working days as set out in the 2015 Accounts and Audit Regulations. Consequently, we shall have to give a negative response to Boxes

As a council previously below the £25,000 threshold for compliance with the Transparency Code, we are pleased to note that most of the required information is actually posted on the Council's website, although certain items, such as the location of Council assets and payments during the financial year are not posted as yet for 2021-22: we have provided the Clerk with detail of the full disclosure requirements and urge that, as a council with an annual turnover generally falling below the £25,000 threshold, it should, in line with best practice, continue to post all relevant information.

R5. The Council must ensure compliance with the publication requirements set out in the Accounts and Audit Regulations 2015 and will need to carefully consider the assertions given in the Governance Statement (AGAR Section 1) in relation to the timing issues relating to publication of the 2020-21 Notice of Public Rights.

R6. Whilst turnover in 2021-22 exceeded the £25,000 Transparency Code threshold for compliance with that Code, given the usual level of turnover, consideration should be given, in line with best practice, to complying with the Code's requirements.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets
- All payments are subject to appropriate approval in accordance with the Council's approved procedures
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount, and
- VAT has been appropriately identified for periodic recovery.

Due to our undertaking this year's review effectively "on-site" at the Clerk's home and the relatively low number of payment transactions annually, we have examined all payments processed in the year to ensure the accuracy of the physical payments made: as indicated in the preface to this report, we have identified a number of entry errors, as detailed in the appended schedule of anomalous cashbook entries and duplicated recording of certain transactions.

We are, however, pleased to note that, following our prior year recommendation, a suitably designed certification stamp has been acquired and is affixed to every payment docket during the year and is also effectively "signed-off" by councillors authorising release of funds.

We note that a VAT reclaim covering 2020-21 transactions was prepared, submitted and repaid by HMRC in June 2021 in the sum of £1,380.41. Our copy of the 2020-21 cashbook indicates that VAT of £1,460.24 was actually recoverable. Consequently, we suggest that the Clerk re-examines that record and, if the higher value is confirmed, the reason for the variance be established and the detail be added to the 2021-22 reclaim when prepared and submitted.

Conclusions and recommendations

We draw the Council's attention to the issues identified on the attached schedule of anomalies which gives some cause for concern as to the effectiveness of checking payment detail with cashbook entries and physical payments not matching the underlying invoices in every case.

- R7. *Members reviewing and signing-off the individual payment dockets should ensure that the physical payments being made correlate to the underlying invoices.*
- R8. *When preparing and submitting the 2021-22 VAT reclaim, the possible underclaim for 2020-21 should be investigated and if the apparent omission is confirmed, it should be added to the 2021-22 reclaim.*

Assessment and Management of Risk

Local councils are required to put in place appropriate arrangements to assess and manage all potential risks, financial and other, to which they may be exposed, also ensuring that appropriate insurance cover is in place (Governance and Accountability Manual – The Practitioner's Guide refers).

We are pleased to note that the Council has adopted, in March 2022, a financial risk register and have reviewed the content, which we consider generally appropriate for a council the size of Fyfield. However, whilst the register format provides for scoring of the potential likelihood of risks coming to fruition and also for the impact, only limited scores for likelihood have been assigned with no scores or apparent assessment made of the potential impact (financial and / or political) should the risk come to fruition.

The Council's insurance cover is provided by the Local Council's Scheme: we have duly reviewed the content of the 2021-22 insurance schedule with Employer's and Public Liability cover both in place at £10 million, together with Fidelity Guarantee cover of £250,000 all of which we consider appropriate for the Council's present requirements.

Conclusions and recommendation

Whilst acknowledging the development and adoption of a formal financial risk register, we consider that it requires further consideration with the formal consideration and recording of scores for likelihood and impact assigned for every recorded potential risk.

- R9. *The adopted risk register needs further examination with appropriate assessments made of the likelihood and impact of all recorded risks duly recorded thereon.*

Budgetary Control and Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from the parent Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains sufficient funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate general reserves to cover any unplanned expenditure that might arise.

We note that, following due deliberation, the Council finalised its budget and precept deliberations for 2022-23 formally adopting the latter unchanged from the 2021-22 precept at the December

2021 meeting. However, as last year, the approving minute does not record the actual value of the approved precept contrary to legal requirements (see Charles Arnold Baker). As last year, the value of the 2022-23 precept should be formally recorded in the next meeting's minutes as approved retrospectively.

The Council's reserves at the financial year-end have doubled to £19,156: this equates to approximately 6 months' revenue spending at the 2021-22 level and sits comfortably within the generally accepted range of between three and twelve months' such spending.

Conclusions and recommendation

We are pleased to record that no significant concerns have been identified in this area, although as reported last year, the actual value of the adopted precept for 2022-23 should be formally minuted as approved at the next Council meeting.

R10. The total value of the 2022-23 precept should be minuted as approved formally at the next full Council meeting.

Review of Income

The Council receives income in addition to the precept, primarily by way of grants (significant in 2021-22), burial and associated fees, small amounts of bank interest, recoverable VAT and a monthly loan repayment by the Village Hall Committee. We have agreed detail of income received to bank statements and, where available, other supporting documentation including detail of the interments and memorial fees arising in the year, agreeing the amounts received to the approved schedule of fees and charges. We have examined the formal Burial Register and undertakers' / stonemasons' applications this year ensuring that all legislatively required documentation is held with no issues arising.

The revised FRs adopted by the Council in October 2020 (para 9.3 refers) require that fees and charges be reviewed annually: we are pleased to note that a review occurred in March 2022 with members determining to retain them unchanged from their present values.

As indicated in the attached schedule of anomalies, certain cash sums by way of peppercorn rents were received in cash during the year. We fully appreciate that the cost of visiting a bank to deposit these sums (totalling £2.80) may not be considered cost effective with the Clerk holding onto the sums until such time as she next visits the Council's bank, but suggest that they should have been banked prior to the financial year-end. Due to their nature and low value, we have not recorded them in the 2021-22 cashbook prepared by us. Consequently, we urge that, when the 2022-23 rents are received, they be banked intact with the 2021-22 amounts and will check on the position as part of our 2022-23 review.

We note that a cheque for £65 was received from Halstead Memorial Centre in August 2021 relation to a headstone: the bank rejected the cheque debiting the Council's account accordingly: it appears that no further action has been taken to acquire a replacement.

Conclusions and recommendations

All cash sums received should be banked within a reasonable time frame and certainly prior to each financial year-end. The issuer of the rejected headstone payment should be pursued for a replacement cheque or payment by direct credit to the Council's bank account.

R11. All cash income should be deposited with the Council's bankers within a reasonable time frame and certainly prior to the financial year-end to ensure that it is brought to account in the correct financial year.

R12. Halstead Memorial Centre should be pursued to ensure recovery of the effectively "dishonoured" cheque received during 2021-22.

Petty Cash Account

The Council does not operate a petty cash account.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation in relation to the deduction and payment over of income tax and NI deductions and employer contributions.

In reviewing the Clerk's salary, we have: -

- Noted that the Clerk has an appropriate employment contract;
- Noted that, rather than being paid a standard amount each month based on her contracted 9 hours per week, time sheets are prepared for each month with the hours recorded paid at the approved hourly rate: as indicated in the attached schedule, we have identified errors in the casting of the hours worked resulting in incorrect payments being made;
- Noted the duplicated recording of the Clerk's October 2021 salary in the cashbook;
- Noted that the documents supporting payments in the early months of the year indicate the deduction of income tax from the Clerk's gross salary: we note that in the latter months of the year (we have checked the September 2021 and March 2022 payslips) her tax code effectively excludes her from any tax liability. However, we have seen no indication in the year of any payment to HMRC in respect of the apparent tax deductions made in the early months of the year;
- Noted that the Clerk's salary has been paid at the 2020 nationally agreed salary hourly rate: agreement was finally reached on the 2021-22 national pay award in March 2022 which should be applied backdated to 1st April 2021.

Conclusions and recommendation

We suggest that the Clerk be paid at a standard monthly amount based on her contracted hours multiplied by the annual national salary rate for her spinal point on the scale, divided by 37 (the nationally agreed basic working week's hours) and divided again by 12 to give the monthly salary payment due. If any overtime working is required, it should be recorded on the timesheet and paid at the appropriate and approved hourly rate.

R13. The Clerk / Council should establish the correct position in relation to the apparent tax deductions applied to the Clerk's salary in the early months of the year with any appropriate adjustment made if tax was not due, or, if it was, with appropriate payment made to HMRC.

R14. To simplify matters, the Clerk should be paid a standard monthly amount based on her contracted hours calculated as set out in the body of the report with any overtime appropriately recorded and paid at the appropriate amount with the relevant month's salary.

R15. The 2021-22 nationally agreed pay award should be implemented accordingly with any arrears due since 1st April 2021 also calculated and paid over.

Fixed Asset Registers

The Practitioner's Guide requires all councils to maintain a record of its stock of owned assets also requiring that assets be recorded in a consistent manner, value wise, each year with no depreciation or appreciation (as per insurance values) applied.

As recorded last year, we are pleased to note that a formal asset register remains in existence, including photographs of the various assets owned by the Council, and have again reviewed the content, noting that the register includes scope for recording acquisition / installation dates; purchase price and replacement value. However, detail of the purchase price of the majority of these assets is unknown or not identified, whilst the Village Hall is recorded as having a replacement value of £400,000.

Previous years' AGARs record an asset value at Section 2, Box 9 of £30,855, a significant understatement of the Council's total asset value. We note that the Village Hall is leased to the Village Hall Committee which is a separate charitable body for which the Council acts as custodial trustee, but is owned by the Council.

The Practitioner's Guide sets out detail of the basis for assigning asset values to be included in the AGAR requiring "donated" and "community" assets to be reported with a nominal £1 value. Given the obvious understatement of the asset value reported in the AGAR in prior years due to the value of the Village Hall, we suggest that the asset register be updated accordingly to reflect the insured cost for this particular asset, with all other assets assigned a similarly assessed value, which should form the basis of the value to be reported in the AGAR annually.

Conclusions and recommendation

As indicated above, where the purchase cost of assets is unknown, going forward for 2022-23 and beyond, realistic purchase values should be assigned to the assets the updated total value being reported annually in the AGAR with any new acquisitions added and disposals deleted from the register and the total value adjusted accordingly.

R16. Going forward to 2022-23, the value of all assets should be established as far as is possible with nominal / replacement values applied in arriving at the total value to be reported in the AGAR each year.

Investments and Loans

The Council has no long-term investments, but has an outstanding loan repayable to the UK Debt Agency (formerly PWLB) and, as indicated earlier in this report is receiving a monthly loan repayment from the Village Hall Committee. We have, as part of our payment review, recorded earlier in this report, checked the two half-yearly loan repayments made to PWLB, also ensuring the accuracy of the outstanding loan liability reported in the AGAR Section 2, Box 10 by reference to the UK Debt Agency website where all local authority year-end loan liabilities are reported.

Conclusions

No matters arise in this area this year warranting formal comment or recommendation.

Statement of Accounts and AGAR

Section 2 of the AGAR now forms the Council's formal Statement of Accounts subject to external audit review and certification. Due to the level of receipts and payments during 2021-22, the Council will not be able to claim exemption from the external audit process for the year.

Due to the level of errors identified in the cashbook presented for our review, we have, as indicated earlier in this report, created a revised and corrected cashbook, using the resultant year-end values to generate the information for inclusion in the AGAR Section 2, detail of which we have provided to the Clerk.

Conclusions

As indicated throughout the report, there are a number of areas of concern over the accuracy of recording of financial information, the effectiveness of Council review procedures and financial monitoring: consequently, we have needed to give negative assertions in the IA Certificate for 2021-22. The Council will also need to carefully consider the assertions to be given in the annual Governance Statement at Section 1 of the AGAR, due to the issues identified from our review.

Rec. No.	Recommendation	Response
Review of Accounting Arrangements and Bank Reconciliations		
R1	The year's financial transactions should be recorded in an appropriate form of cashbook, facilitating agreement to bank statements and affording opportunity for the preparation of meaningful bank reconciliations at each quarter-end.	
R2	Formal bank reconciliations should be prepared by the Clerk and be reviewed by a nominated councillor, not involved in cheque signing or the payment release process, with both the reconciliations and bank statements duly signed off, dated and retained for audit inspection.	
R3	A more intuitive spreadsheet cashbook format should be implemented providing appropriate analysis of receipts and payments to feed into periodic budget reporting, reconciliation to bank accounts and the entry of financial detail in the year's AGAR.	
R4	The Council will need to give careful consideration to its own assertions in the AGAR Governance Statement (Section 1) particularly in relation to Boxes 1 to 3.	
Review Corporate Governance		
R5	The Council must ensure compliance with the publication requirements set out in the Accounts and Audit Regulations 2015 and will need to carefully consider the assertions given in the Governance Statement (AGAR Section 1) in relation to the timing issues relating to publication of the 2020-21 Notice of Public Rights.	
R6	Whilst turnover in 2021-22 exceeded the £25,000 Transparency Code threshold for compliance with that Code, given the usual level of turnover, consideration should be given, in line with best practice, to complying with the Code's requirements.	
Review of Expenditure and VAT		
R7	Members reviewing and signing-off the individual payment dockets should ensure that the physical payments being made correlate to the underlying invoices.	
R8	When preparing and submitting the 2021-22 VAT reclaim, the possible underclaim for 2020-21 should be investigated and if the apparent omission is confirmed, it should be added to the 2021-22 reclaim.	

Rec. No.	Recommendation	Response
Assessment and Management of Risk		
R9	The adopted risk register needs further examination with appropriate assessments made of the likelihood and impact of all recorded risks duly recorded thereon.	
Budgetary Control & Reserves		
R10	The total value of the 2022-23 precept should be minuted as approved formally at the next full Council meeting.	
Review of Income		
R11	All cash income should be deposited with the Council's bankers within a reasonable time frame and certainly prior to the financial year-end to ensure that it is brought to account in the correct financial year.	
R12	Halstead Memorial Centre should be pursued to ensure recovery of the effectively "dishonoured" cheque received during 2021-22.	
Review of Staff Salaries		
R13	The Clerk / Council should establish the correct position in relation to the apparent tax deductions applied to the Clerk's salary in the early months of the year with any appropriate adjustment made if tax was not due, or, if it was, with appropriate payment made to HMRC.	
R14	To simplify matters, the Clerk should be paid a standard monthly amount based on her contracted hours calculated as set out in the body of the report with any overtime appropriately recorded and paid at the appropriate amount with the relevant month's salary.	
R15	The 2021-22 nationally agreed pay award should be implemented accordingly with any arrears due since 1 st April 2021 also calculated and paid over.	
Fixed Asset Registers		
R16	Going forward to 2022-23, the value of all assets should be established as far as is possible with nominal / replacement values applied in arriving at the total value to be reported in the AGAR each year.	

IA identified cashbook anomalies and other issues

1. Prior year uncleared cheques as per bank rec at 31 3 2021 have, with the exception of cheque nos. 1431 & 1432 been recorded as opening entries in the 2021-22 cashbook. They have already been accounted for in 2020-21 and should therefore not be recorded again even though they have gone through the bank.
2. Cheque 1431 has actually cleared through the bank on 7th September 2021.
3. Cheque 1432 (£94.20) is recorded as “lost” and replaced in the cashbook and has as with those at 1 above, been re-entered. The correct treatment where replacement cheques are issues is to record the write-back of the cheque in the cashbook as a negative payment (also in the analysis column) in the year when written back (i.e. 2021-22 cashbook in this instance) and then record the replacement cheque as a new payment.
4. The Clerk’s salary payment for June (£381.52) and July (£281.12) totalling £662.64 is entered in the cashbook as two payments: however, the total was actually issued as a single payment, which cleared the bank on 5th August 2021. The actual payment total should have been entered as a single line entry in the cashbook to ease checking against the bank statement.
5. A payment into the bank of £432.50 on 6th September 2021 included a £65.00 receipt in respect of a headstone and £367.50 in relation to a bursary refund. The £65.00 cheque effectively “bounced” and appears as a contra payment on the bank statements on 7th September 2021. The rejection of the cheque has not been shown in the cashbook and should have been recorded as a negative receipt, also as a contra (i.e. negative entry) under the Cemetery receipt heading.
6. Whilst on the subject of receipts, there are 5 entries in the cashbook of £0.70 relating to peppercorn rents received in cash in June and August. We understand that these have not been bank ed and are held by the clerk pending banking. Whilst acknowledging that the amounts are very small, they should have been deposited in the bank well before the financial year-end. They should not be entered in the cashbook until such time as they are physically banked.
7. Two payments to Skippers in August 2021 (vchr refs24 & 25) are recorded in the cashbook as £1152.00 & £384.00 respectively . These have actually been paid in the amounts of £912.00 and £624.00 and should either have been recorded in the cashbook as the latter two entries or payments should have been made in line with the separately invoiced amounts.
8. Conversely, there are a number of payments of £120.00 (6 in all) and £108.00 (3 in all) paid through the bank. These have been entered in the cashbook as 3 payments of £240.00 and one of £324.00. As above, the cashbook should record detail of the individual physical payments drawn.
9. The payment for a new litter bin to Melba Swintex of £160.31 (Vchr no. 44) is entered in the cashbook twice (on 13th October and 6th November 2021).
10. Similarly the payment to the clerk for flower troughs for the bus shelter (Vchr no.46) is also entered twice (on 13th October and 6th November 2021).
11. The payment to the Village Hall on 13th October 2021 (vchr no. 39) is entered in the cashbook as paid at £153.00: the actual payment was drawn for £153.50.
12. The bank statement records a payment of £160.00 to Carol Cox on 16th November 2021: this has not been entered in the cashbook.
13. Two payments to TBS Hygiene, each of £94.20 – Total £188.40 (Vchr nos. 47 & 52) are recorded in the cashbook as paid on 6th December. The bank statement records a total payment of £181.44 on 8th December 2021.

14. Two payments to BB Groundcare, each of £647.50 – Total £1,295.00 (Vchr nos. 50 & 54) are recorded in the cashbook as paid on 6th December 2021 and 12th January 2022. They appear on the bank statements as one payment of £895.00 on 8th December and one of £400.00 on 9th December 2021. As above, payment should be made in accordance with the invoices or, if a valid reason exists for part payment of the first invoice, the cashbook should record the actual payment value.
15. The Clerk's October salary payment of £381.52 (Vchr no. 45) has been recorded in the cashbook twice.

The cashbook provided for our examination includes separate worksheets purporting to be bank reconciliations at the end of each quarter in the year. The reconciliations recorded purely reflect the quarter-end bank balance, except for the September quarter, where the rejected £65 receipts by cheque is shown as both a negative uncleared cheque and a positive uncleared payment, neither of which make sense.

Given the level of incorrect entries identified above and the absence of any cashbook balance being identified during the course of the year, it would be impossible for a “**meaningful**” reconciliation to be prepared for member review in accordance with the requirements of the adopted Financial Regulations (Para 2.2 refers)

In reviewing the file of purchase invoices and pay records, we have also identified a few anomalies, as follows:

1. The Clerk's April 2021 timesheet records payment for 40 hours: the hours recorded actually total 42.
2. The Clerk's June 2021 pay detail shows a gross payment of £311.24 less tax of £59.20 = £252.04. The June salary payment per the cashbook was paid at £381.52. Also, if the clerk was on Basic Rate tax at the time, the tax deduction at 20% should have been £62.20. not £59.20.
3. The payment to Skippers on 2nd August 2021 (Vchr no. 24 has been analysed to “Affiliations and training”: it should be Grounds maintenance.
4. The payment to Melba Swintex recorded in the cashbook twice, as above, included VAT of £26.72, which was not recorded in the cashbook.
5. The payment to TBS Hygiene on 6th December 2021 (Vchr no. 47) is, as at 13 above, recorded in the cashbook as £94.20, whereas the actual invoice was for £87.24, which when added to vchr no. 52 for £94.20 actually equals the amount of £181.44 paid.
6. Clerk's February 2022 salary record shows payment due and paid for 34 hours: the time sheet adds to 33 hours.

We also note that the Clerk's pay records in the invoice file for the first couple of months indicate the deduction of tax at Basic Rate. In examining the actual payslips for September 2021 and March 2022, they show a different tax code which would result in no tax being payable based on her gross salary. We have, however, seen no indication that any tax deducted from her gross salary in the early months of the year has been paid over to HMRC: this will require further examination with either the tax deducted needing to be paid over to HMRC or, if the same tax code should have been applied for the full year, any tax deducted being refunded to the clerk.