

Jo Tudor  
Parish Clerk  
Swanbourne Parish Council

12<sup>th</sup> April 2022

Dear Jo

**Swanbourne Parish Council Internal Audit Report 2021 - 2022**

The internal audit was conducted on 7<sup>th</sup> April, 8<sup>th</sup> April, and 12<sup>th</sup> April 2022 2022 during which time queries were raised and answered.

The process of the internal audit and comments are below.

Thank you for the information provided and your quick response to my questions.

Do let me know if I can be of any further assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenny', written in a cursive style.

Jenny Groom

**Process** [not necessarily in this order]

1. Receive documents and files from the Parish Clerk.
2. Examine council meeting minutes to understand format and information included.

3. Cross check all payments and receipts authorised with the Council minutes.
4. Check bank statement balances and any interest received.
5. Cross check income and expenditure records with invoices and bank statements.
6. Reviewed the receipts and payments, and bank reconciliation quarterly during the year.
7. Checked payments and receipts authorisation sheets to ledger and with bank statements.
8. Checked VAT record keeping and refund claims.
9. Review risk management plans and format.
10. Review Standing Orders.
11. Review the budgetary process, its monitoring and level of reserves.
12. Consider if expected income was received, and accounted for properly including VAT.
13. Assess if payment of salaries was in accordance with approvals and that PAYE and NI requirements were applied.
14. Review the Asset Register for content, format, and the insurance policy covering those items.
15. AGAR documents
  - a. AGAR 2020 – 2021:
    - i. Check figures with accounting documentation - Section 2 – Accounting Statement 2021 - 2022.
    - ii. Review - Explanation of Variances proforma.
    - iii. Review - Bank reconciliation proforma.
    - iv. Review - Explanation for 'high' reserves.
    - v. Review - Asset Register.
  - b. Complete the AGAR Page 3 – Annual Internal Audit Report 2021-2022.
16. During the audit exchange comments and queries with the Parish Clerk to seek understanding and generate adjustments if required.
17. Create an audit report.
18. Return all documents.

<b>Comments</b>	<b>Action Parish Clerk</b>	<b>Resolution</b>	<b>Status</b>
Standing Orders:			

<ul style="list-style-type: none"> <li>1.a. Confirms the 'Proper Officer' is the Parish Clerk, however at 9.a. it does not clarify who the 'Responsible Financial Officer' is.</li> </ul>	Suggest an amendment is made so that similar detail is provided.	Parish Clerk to progress and amendment.	Closed
<p>Asset Register – Page 30 of the new guidelines is useful to read.</p> <ul style="list-style-type: none"> <li>Only Tangible Assets, Fixed Assets and Borrowing/Lending are included, not Intangible Assets as at reference 15. I apologise but at this point I don't see from the emails that an intangible asset should be listed.</li> <li>It is recommended that Tab 6 is redeveloped with more columns to add: year of purchase, net of VAT purchase cost when known, define the current replacement and therefore insured value including which policy schedule description each item is included in. The IA needs to be able to see that assets are correctly insured and so a reference to insurance schedule would be useful. The current value versus prior year is the same in all cases and with costs rising this seems to be an issue, at least they could be uplifted by the same amount that the insurance company uses.</li> <li>I can see in the schedule that there is a garage – Swanbourne Playing Fields covered for £4662, is this related to the £5373 at line 15 or is it part of line 14 in some way?</li> <li>The schedule also has Gardening equipment, plant, and machinery at £4306 what would that include?</li> </ul>	<p>Changes to the register format and values could be made now, partially or in full, or completed in stages.</p> <p>Please respond to the aspects in bullet points 2 and 3.</p>	Parish Clerk and Chair will undertake a review of assets, the register format and insurance during 2022.	Closed
VAT			Closed

<ul style="list-style-type: none"> <li>I believe that expenses claimed from the council by anyone, which include items where VAT has been paid, that the VAT can be reclaimed using the receipt even from the supermarket. For example, ink cartridges, printer paper etc. This may only amount to around £20 per annum but worth having.</li> </ul>	Please advise.	From 2022/23 the Parish Clerk will claim the VAT for expenses.	
A bank statement to cover the year end date was needed so I copied the web obtained statement attached to the Bank Reconciliation and placed it in the file.	Please add next time.	N/A	Closed
When checking the income, documents for E and H were not in the file. The documents need to be complete, so the IA avoids searching, copies of the bank statement are fine.	This can be done for next time as the information was eventually identified.	N/A	Closed
When reviewing the Council Minutes including checking the approval of expenditure and advice of income, I could not find cash book folio numbers 272 – 289 or income D and E.	The format of Minutes changed during the year, making these details easier to check.	N/A	Closed
I will need to see the risk assessments; the existing format would be helpful rather than wait for the new 'design' with the traffic lights.	Please send me the document.	The Parish Clerk has completed a new design document which is concise using the red, amber, green approach.	Closed

**Other observations:**

- The level of reserves is low. Reserves are commonly six to twelve months of expenditure value.
- Swanbourne finances are reported on an income and expenditure [I & E] basis. Authorities where the gross income or expenditure [the highest] has exceeded the threshold of £200k for three continuous years are required to use this method. Authorities operating below the £200k threshold have the option to use the I & E method or on a receipts and payments [R&P] basis. R&P is simpler to produce, more straightforward, and possibly less time consuming to maintain. More detail can be found on page 47 and 48 of the JPAG document. It is suggested that the method used is reviewed.