

SDH Internal Audit – Internal Control Questionnaire 2022-23 Michaelstow Parish Council

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1	<p>HOUSE KEEPING Previous Year’s Annual Governance & Accounting Statement AGAR. When was it presented to Council and published on the Council’s website ? Was the AGAR completed and sent to external audit prior to 30/6/22; if not explain why not. Where an Exemption Certificate was completed, this should have been published? If audited by external audit the AGAR page relating to their findings should have been published together with a Notice of Conclusion of Audit?</p>	<p>When were these published on the Council’s website? <i>Elements of the audit for 2022 were signed-off at the Spril / May / June meetings of the parish council in 2022. The AGAR was completed on schedule and the Exemption Certificate completed and published within the audit documents. The audit was internal only:</i> Evidence: http://www.parish-council.com/michaelstow/documents/audit2022/aqar22complete.pdf <i>Please insert the links to the councils website so that these can be verified independently.</i></p>
2	<p>Previous Year’s Internal & External Audit Findings where appropriate? At which meeting were they presented to Council? (Minute reference) What action arose?</p>	<p>Please provide link to minutes and explain the action arising from the reported findings. <i>There were no recommendations made from the audit findings and the audit was shared with all councillors via the web and aspects of the audit were discussed at the April, May and July meetings under section 7, Finances.</i> Evidence: minutes pages: http://www.parish-council.com/michaelstow/index.asp?pageid=707422</p>
3	<p>Review of Financial & Internal Management Controls When did Council last review/update its Risk Assessment and review of internal controls? I) When did Council last review and adopt its Standing Orders? II) When did Council last review and adopt its Financial Regulations? III) Has Council a strategic/ objectives plan? Is it annually reviewed?</p>	<p>Council assessed the significant risks to achieving its objectives and reviews the adequacy of arrangements to manage these. Review of internal controls last undertaken in 2021. http://www.parish-council.com/michaelstow/documents/audit2021/statementofinternalcontroloap21.pdf Risk assessment on assets list 2023: http://www.parish-council.com/michaelstow/documents/audit2023/michaelstowparishcouncilassetregister2023ra.pdf Standing Orders 2019:</p>

		<p>http://www.parish-council.com/michaelstow/documents/audit2023/model-standing-orders-2019englandmich.pdf CALC recommended Variations – 2019: http://www.parish-council.com/michaelstow/documents/audit2023/nalc-model-standing-orders-2019-calc-variations-2019.pdf Financial Risk Assessment 2023: http://www.parish-council.com/michaelstow/documents/audit2023/completestfinancialriskassessmentmarch23.pdf Financial Regulations 2019: http://www.parish-council.com/michaelstow/documents/audit2023/michmodel-financial-regs-2019.pdf Michaelstow Parish Council does not have a strategic objectives Plan</p>
4	<p>Budget Monitoring</p> <p>How often does Council monitor receipts & payments against the current year budget? Describe the process. Are specific projects monitored separately? Should costs exceed what was budgeted is the over spend approved formally by Council. Describe the process. Egs Transfers between budget headings etc.</p> <p>Budget 23/24 At which Council meetings did Council adopt its Budget for 2023/24 & set its Precept for 2023/24? Was a 3 year forecast also included?</p>	<p>Financial performance has been regularly and adequately monitored. <i>The balance of the only bank account held by the parish council is published every month in both the minutes and agendas. Copies of the bank account statements are provided to a member of the council [Cllr. Whitby]. Outgoings are monitored and published monthly in the minutes and any unusual payments made [eg Coronation Mugs] are discussed by the council beforehand.</i></p> <p><i>The main annual outgoings [not including the clerk’s monthly salary] are paid annually in April / May for insurance, payroll management, CALC membership, ICO membership, audit expenses and annual office expenses. There are few ‘normal’ outgoings apart from the above [salary, LMP maintenance, stationery] and these are monitored monthly by the RFO. A 6 month financial projection on expenditure is made by the clerk in October / November to inform the Precept request for the following year and full annual accounts are provided every year.</i></p> <p>Budget 23 – 24: <i>The clerk supplied a financial projection at the November 22 meeting [item 7] and was asked for further details [cost of increase per household] which were provided for the December 2022 meeting. http://www.parish-council.com/michaelstow/documents/currentyearminutes/minsnov22.pdf It was noted that reserves had fallen over the 2 previous years because expenditure was increasing and after discussion the council resolved to set the precept higher to compensate over 2 years.</i></p>

		<p>A 3 year forecast was not included.</p> <p>The precept requirement was decided following an adequate forecast and budget monitoring process.</p> <p>Can you please provide a copy of the Budget Report presented/or a link to them. Financial projection as supplied to the parish council November 22: http://www.pariah-council.com/michaelstow/documents/audit2023/michaelstow-parish-council-financial-projection-for-the-purpose-of-precept-request-december-2022.pdf</p> <p>See end of November 22 minutes for historical analysis of precept rates: http://www.pariah-council.com/michaelstow/documents/currentyearminutes/minsnov22.pdf</p>
5	<p>Detailed Financial Internal Controls Provide evidence of Council checking a bank reconciliation, to determine the accuracy of the accounting system. How frequently does this happen? How is it reported/evidenced as having been done. (Who carries it out? Is it independently checked, are they a cheque/on line payment signatory?)</p>	<p>Bank reconciliations are properly carried out, supporting the accuracy of the accounts.</p> <p>A bank reconciliation is made annually as finance levels are checked monthly and there is only a small turnover. It is published in the audit and made by the RFO and confirmed by the Internal Auditor. Financial statements are also shared with all cllrs before meetings and checked by Cllr. Whitby [who is also a cheque signatory] and has a background in finance and accounting.</p>
6	<p>Insurance & Assets Who is the Council insured with? What are the dates of the insurance cover? When did council last obtain competitive quotes for insurance cover?</p> <p>Does the Council have a Fixed Asset Register or Listing? When was it last updated? Will it be updated before yearend? How are assets valued?</p>	<p>Assets and Investment registers were complete and accurate and properly maintained and assets safe guarded.</p> <p>The parish council is insured with BHIB and the annual cover operated from 1st June. It cost £182.80 in 2022-23. Quotes are regularly offered from other companies via email but BHIB provide a competitive price for such a small parish council.</p> <p>The council have few assets and the list is updated annually. Assets are valued at their purchase cost and removed from the assets list when defunct.</p>

	<p>Who checks the condition of the assets? Please provide an example. Playground equipment should be checked annually by RoSPA, please confirm.</p>	<p>http://www.parish-council.com/michaelstow/documents/audit2023/michaelstowparishcouncilassetregister2023ra.pdf</p> <p>Display boards are checked monthly by the clerk and the parish seats are checked by cllrs</p>
7	<p>Employees & Payroll Does the Clerk/RFO have a contract of employment? Does it conform with the NALC/SLCC model? When was it last updated?</p> <p>What payroll software or Payroll Contractor do you use? How many employees are there? Who independently performs checks to ensure that employees are paid the correct amount at the right time? Describe the process. Are time sheets kept? Is annual leave monitored? Performance monitored? Has the Governments Pension auto enrolment initiative been followed? Have entitled employees been offered the chance of joining a pension scheme in the last 3 years? What was the outcome?</p> <p>Are members paid allowances ? If so please describe the process.</p>	<p>Salaries and allowances are paid in accordance with the Council's approvals and PAYE & NI requirements are met.</p> <p><i>The clerk has a standard NALC Contract of Employment initiated in 2013. It has not been updated. Payroll is very efficiently handled by a 3rd party [DM Payroll Services] on an annual basis. There is a full cloud based employer portal provided online with all details retrievable.</i></p> <p><i>If the clerk [the only employee] is given an annual increment or a change in the pay rate, he writes a double-signed letter to the bank asking for the standing order monthly amount to be changed. He also writes an email to the payroll manager to inform of this change. Any such changes in pay are fully noted in the minutes. A problem emerged in 2022-23 when the bank didn't act on a letter, leaving the actual pay rate different to the one listed with the payroll manager. The clerk was later given a backdated payment of £81.12 [see invoice 3] to make up the difference.</i></p> <p><i>Time sheets are not formally kept. Over the year the work time is variable with little happening between December and February and increased hours at audit time, local elections and special projects [eg creating a leaflet to be delivered to all householders]. The clerk manages this work within an average timescale of 4 hours per week. Annual leave and performance are not formally monitored.</i></p> <p><i>The government's auto enrolment initiative has been fully followed and the chance of joining a pension scheme is offered whenever this guidance is given. The clerk does not wish to be involved in such a scheme.</i></p> <p><i>No members claim or receive allowances.</i></p>
8	<p>Payments - Authorising and issuing legal payments</p>	<p>Payments are supported by invoices/vouchers and all expenditure approved and VAT accounted for.</p>

	<p>How many councillor cheque signatories have you, how many are required to sign a cheque? If payment is made on line please confirm how many councillors are authorised to make the payment online and describe the process? What supporting documents are viewed to support the payment?</p> <p>Is VAT accounted for separately when recording payments in the cashbook and minutes? How do you ensure you have the power to make the payment? Are any of your payments petty cash – if yes how are these recorded and approved and what supporting documents are kept?</p>	<p><i>All of the councillors are co-signatories, along with the clerk. Two signatories are required to sign a cheque. The debit card supplied by Barclays Bank does not work because the mandate for payments requires two signatures. Payments made for eg 'annual poppy wreath' are made by a cllr and reimbursed by cheque. Invoices are kept by the clerk for every payment made.</i></p> <p><i>VAT is accounted for in the annual accounts on the spreadsheet. This year the annual reclaimable amount is 67.26 and this will be reclaimed next year. One petty cash payment was made by the clerk to replace a cancelled cheque that had run out [0242] and this will be reclaimed by the clerk along with the annual office charges in April.</i></p>
9	<p>Payments - Standing Orders & Direct Debits Please record which suppliers are paid by these methods and when Council authorised the payment method and amounts involved.</p> <p>Do you use the General Power of Competence or s137 LGA 1972? If GPC please confirm when council resolved to use the GPC; and how the criteria was met. If S137 please confirm size of electorate and confirm if S137 spend is recorded separately in the cashbook and minutes</p>	<p><i>Payments are supported by appropriate legal powers.</i> <i>Only the clerk is paid by monthly Standing Order in arrears. There are no direct debits. Any changes in payments are formally recorded in the minutes.</i></p> <p><i>General Power of Competence or s137 LGA 1972 have not been used by this council.</i></p> <p><i>For the record there are about 90 houses and 190 people in the parish. At the current rate of £9.93 per member of the electorate this would allow spending up to £1886 under s137.</i></p>
10	<p>Contracts (i) Does the council have any contracts for delivery of services e.g. a grounds maintenance contract/street lighting contracts? (ii) When was the contract last reviewed and what was the process followed to ensure value for money was obtained? (iii) Tendering – please describe the process you have followed and the value of the contract/s involved.</p>	<p><i>Compliance with Financial Regulations and demonstrating VFM.</i></p> <p><i>i) Local Maintenance Project. Traditionally Mr Sanders has provided all grounds maintenance services for the parish, at least ever since I became clerk in 2010. He is asked to sign an LMP contract as this work is partially subsidised by Cormac (public footpaths). There is extensive paperwork with this project and as Mr. Sanders does not read he is spared this.</i></p> <p><i>ii) Contract. There is no formal contract as Mr. Sanders works on a self-employed basis and charges by the hour. The parish council members are agreed that Mr. Sanders provides excellent value with a high standard of workmanship. However he is not able to work much longer and the council have been discussing a replacement.</i></p>

		<p>iii) <i>The parish council will at some point, put out a tender for the council grounds maintenance work. They will publicise the position using the parish notice boards and 'word of mouth' to try and appoint a worker living in the parish to minimise vehicle use. They will aim to get three quotes for the work and compare these to criteria supplied by Cormac. They will appoint on the basis of best value for the work which is about £1000 pa.</i></p>
11	<p>VAT - How frequently do you reclaim VAT? When was your last claim? Are you VAT registered?</p>	<p>VAT was appropriately accounted for <i>The council is not VAT registered. The last claim was 2 years ago and the clerk will make a claim this year.</i></p>
12	<p>Receipts Please describe the type of income you receive and how Council ensures all appropriate income is received and banked intact? Any petty cash items? Are there approved pricing policies for lettings etc? When were they last reviewed? Are bad debts chased, written off etc?</p>	<p>Expected income was fully received, based on correct prices, properly recorded and banked. <i>This year's income is made up of Precept income and the LMP precept, both paid directly into the parish bank account No petty cash was used, no lettings or debts.</i></p>
13	<p>Loans Are you repaying a loan, (PWLB)? If so please provide details.</p>	<p>Loans are authorised and appropriately managed and reported. <i>No Loan</i></p>
14	<p>Reserves Do you have a General Reserves Policy? If Yes, please briefly explain what it is. Do you have Ringfenced Reserves? If so, please provide a breakdown.</p>	<p>Reserves are appropriate. <i>The policy with Michaelstow Parish reserve is to keep a balance of 25% of the annual income as a safety reserve. An additional safety reserve measure is that the annual projection of expenditure for the purposes of the precept assumes that the spending in the second half of the year will be the same as the first half. Despite this, reserves have been decreasing over the last two years hence the increase of 15% in precept requirements. Councils are also advised to keep an additional £2000 in the accounts against the cost of a contested election. Annual income this year as precept of £6319. 25% of this is £1580. The council 'carried over' figure for last year was £2885 whereas there should be £3500. This year's carried over figure is more like £2210 which shows the reserve has depleted by another £675 this year.</i></p>
15	<p>AGAR 2022/23</p>	<p>Consider which AGAR form to use and correct process to follow.</p>

