

## **Sunninghill & Ascot Parish Council**

*Internal Audit Report 2020-21 (Final update)*

---

*Stuart J Pollard*

*Director  
Auditing Solutions Ltd*

## **Background and Scope**

Statute requires all town and parish councils to arrange for an independent internal audit 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 sets out the work undertaken in relation to the 2020-21 financial year, during our interim review, which was undertaken remotely, and our final update review of the Council's records for the year which took place on 28<sup>th</sup> April 2021: this updated report incorporates detail of the work undertaken at both reviews. We wish to thank the Clerk and her Assistant for assisting the process, providing all necessary documentation in electronic format to facilitate completion of our review for the year.

## **Internal Audit Approach**

In undertaking the review, we have again had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford assurance that the Council's financial systems remain 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 'Internal Audit Certificate' in the year's AGAR, which requires independent assurance over a series of internal control objectives.

## **Overall Conclusions**

We are pleased to advise that, based on the work undertaken this year, the Council continues to maintain generally adequate and effective internal control arrangements with a number of issues identified during the two reviews requiring attention. We appreciate that, due to the impact of Covid, the Council has experienced a number of difficulties in maintaining routine procedures and, whilst highlighting issues in this report, we also acknowledge the underlying reasons for the position, but have referred to them in order that they are not overlooked going forward.

We have duly signed off the Internal Audit Certificate in the year's AGAR assigning positive assurances in all relevant areas, apart for that relating to the timing of publication of the prior year Notice of Public Rights, as referred to by the external auditors in their report for 2019-20: this will require a negative assurance in the Council's Governance Statement at Section 1, Box 4 of the 2020-21 AGAR and also in our Certificate. Similarly, the absence of any formal review and re-adoption of the Risk Register during the year will require negative assertions by the Council in the Governance Statement and in our own Certificate. We take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

# Detailed Report

## Review of Accounting Arrangements & Bank Reconciliations

The Council uses the Omega accounting software to record accounting transactions through its principal bank account at Lloyds, together with periodic activity on other accounts (Blythewood, Victorian Fayre, Instant Access and CIL) with occasional fixed term deposits at Lloyds and the Yorkshire Bank. Our objective in this area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. To meet the above objectives, we have:

- Ensured that the opening balances recorded on the Omega accounting system for 2020-21 reflect those in the certified 2019-20 Accounts and AGAR;
- Ensured that an appropriate cost and nominal coding structure remains in place;
- Ensured that the Omega accounts system remains in balance at the financial year-end;
- Checked and agreed all Current account transactions for April & November 2020 and March 2021 by reference to the supporting bank statements;
- Checked and agreed all recorded transactions in the other account cashbooks to the relevant bank statements for the financial year;
- Checked and agreed the bank reconciliations on all accounts as at 30<sup>th</sup> April and November 2020 and 31<sup>st</sup> March 2021; and
- Ensured the accurate disclosure of the combined cash and bank account balances in the year's AGAR at Section 2, Box 8.

### *Conclusions and recommendations*

*Whilst no significant issues arise in this area, we noted at our interim review that one cheque drawn on the Victorian Fayre account (No. 133 for £710.00) on 13<sup>th</sup> November 2018 was written back in the December 2020 cashbook. We note that this cheque had also been recorded as a receipt in the Lloyds Current account cashbook in December 2020, effectively duplicating the "write-back" and doubling the payment offset on code 4120/104. We are pleased to note that, following our interim report recommendation, appropriate corrective action has been taken with assistance from RBS.*

*Going forward, where cheques remain uncleared for three or more months, the payee should be contacted to establish whether they still hold and intend to deposit the cheque in their account or require a replacement: if neither pertain, such cheques should be written back in the accounts as a negative payment to the original expense code charged.*

*The latest NALC model Financial Regulations (FRs), which eschew best practice, require that an independent councillor, who is neither the Council Chairman nor a cheque signatory should, at least once quarterly review and verify the content of bank reconciliations, signing-off the reconciliations and supporting documents as evidence of their review. We note that, following our interim report recommendation, a councillor is now reviewing and signing off bank reconciliations each month.*

*In undertaking this final review, we noted that the re-investment of an original prior year deposit of £50,000 with Yorkshire Bank on 21<sup>st</sup> September 2020 has been made at £51,515.41, although the Omega cashbook record only records a holding of the original £50,000 deposit. We assume that*

*accrued interest of £1,515.41 has been received and included in the reinvestment: consequently, an appropriate entry will need to be made in the Omega accounts before they are closed-down for the year recording the additional interest as having been received in the year reflecting the true year-end “investment” balance.*

- R1. *In line with best practice, bank reconciliations should be subject to independent review and sign-off by a nominated councillor at least once every quarter, the councillor evidencing that review on both the reconciliations, bank statements and Omega generated cashbooks. **This has been actioned as recommended.***
- R2. *Where cheques remain uncleared at bank for three or more months, the payee should be contacted to establish whether they still hold the cheque and will be depositing it in their account or require a replacement. If no longer required, the cheque should effectively be cancelled by writing it back in the accounts as a negative payment crediting the originally charged expense code. **Noted for future reference.***
- R3. *The anomaly regarding the apparent duplicated write back of the “out-of-date” Victorian Fayre cheque drawn in 2018 should be further investigated with appropriate corrections made in the Omega accounts. **This has been corrected with support from RBS.***
- R4. *The accrued interest earned on the Yorkshire Bank term deposit should be entered in the cashbook before the Omega accounts are closed down for the year.*

## **Review of Corporate Governance**

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

We noted in our interim report that both SOs & FRs were in place with both being last reviewed and adopted by the Council in May 2019. In examining the content of both at that time, we noted that they appeared to be based on older versions of the NALC model documents and suggested that they be further reviewed and brought into line with the latest versions of the NALC models, electronic copies of which we provided to the Clerk to assist the process. We are pleased to note that they have been subjected to further review and update and will be presented to the May 2021 Council meeting for adoption. Consequently, we will review their content once adopted and, if appropriate, make further comment in our next review report.

We have continued our examination of minutes of the Full Council and Standing Committees’ meetings (excluding Planning) for the year. Our review aims to identify whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council’s future financial stability and to also ensure that the Council has not taken, nor is planning, any actions that might result in ultra vires expenditure.

We note that the external auditors (PKF Littlejohn) issued their final report on the 2019-20 AGAR identifying a few issues in relation to publication of the statutorily required Notice of Public Rights to inspect the year’s accounts and records, together with a few issues where requested documentation had not been provided to themselves. When completing the 2020-21 Governance Statement in the current year’s AGAR, care will need to be taken to ensure appropriate disclosure of the non-compliance in relation to 2019-20 publication of the Notice of Public Rights, also ensuring that all requested

documentation is provided in relation to the 2020-21 AGAR external audit review (the Preface to the year's AGAR provides detail of the required website disclosures and timing of such).

### ***Conclusions and recommendations***

***We are pleased to note that the Council is due to review and adopt revised SOs and FRs at the May 2021 Council meeting and, as indicated above, will review their content at our next visit. We shall continue to monitor the Council's governance arrangements at future visits reporting our conclusions accordingly.***

***R5. The Council should review and update its extant Standing Orders and Financial Regulations bringing them into line with the latest NALC model documents. Revised documents will be presented to the May 2021 Council meeting for adoption.***

***R6. Care should be taken to ensure compliance with the public disclosure requirements of the Accounts and Audit Regulations 2015 and provision of the documentation required by the external auditors as set out in the Preface to the year's AGAR. Noted and will be complied with for 2020-21.***

## **Review of Expenditure & VAT**

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- 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;
- The correct nominal codes have been applied in entering detail in the cashbooks; and
- VAT has been appropriately identified and been the subject of periodic recovery.

We are pleased to note that members continue to examine and sign-off trade invoices confirming their review and authorisation for payments to be released, their initials being recorded on the rubber certification stamp affixed to every invoice: the stamp also identifies the payment date, cheque number, amount paid and nominal account code being charged with the expense.

We have selected a sample of payments including all those individually in excess of £1,500, together with a further selection of every 20<sup>th</sup> cashbook transaction (irrespective of value) for examination and confirmation of compliance with the above criteria covering the full financial year. Our test sample includes 34 individual payments totalling £80,600 and equating to 58% by value of all non-pay related payments for the year.

We are pleased to note that the VAT returns continue to be submitted regularly throughout the year, electronically as required by extant legislation, and have ensured appropriate recovery of the final 2019-20 quarter's reclaim and those to 31<sup>st</sup> December 2020 by reference to the Omega control account. We note that a reclaim for the final quarter has been prepared and submitted to HMRC for repayment.

## **Conclusions**

*We are pleased to record that no issues arise in this area warranting formal comment or recommendation.*

## **Assessment and Management of Risk**

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature; to monitor and manage those risks identified in order to minimise the opportunity for their coming to fruition.

We noted in last year's report that the generic risk assessments utilising the bespoke LCRS software were reviewed and re-affirmed by Full Council at the May 2019 meeting: we now note that, due to the Covid situation, action to undertake a further review and re-adopt the assessments in the current financial year has not taken place. However, we note that a revised format (Word) document has been prepared and will be presented to the May 2021 Council meeting for approval and adoption.

We have examined the draft document and consider that it could and should be expanded to provide a more detailed record identifying all individual potential risk areas, also indicating the likelihood of the identified risks coming to fruition and the potential financial and / or political impact should that occur. We have provided the Clerk with a document used by several our other clients detailing those criteria and urge that further action is taken to expand the extant document to be reviewed and adopted in May at some stage during 2021-22.

The Practitioner's Guide requires all councils to review, update if appropriate and formally re-adopt the risk register(s) at least once annually. Whilst we appreciate the impact of the Covid situation during 2020-21 the Council will need to assign a negative response in the Governance Statement of the 2020-21 AGAR at Section 1, Box 5: we shall similarly have to assign a negative response at Box C in the IA Certificate for the year.

The Council's insurance cover continues to be provided by Axa: we have examined the current year's policy schedule noting that both Public and Employer's Liability cover stand at £10 million, together with Fidelity Guarantee cover at £150,000 and Business Interruption - Loss of Revenue cover also in place at £20,000, all of which we consider appropriate for the Council's present needs.

## **Conclusions and recommendation**

*Whilst appreciating the reasons for the delay in reviewing the Council's financial and general risk register to date in 2020-21, the absence of a formal review and re-adoption during the year will require a negative response in both the Governance Statement and IA Certificate in the year's AGAR. We shall continue to monitor the Council's approach to risk management at future reviews.*

*R7. The Council must ensure compliance with the requirements of The Practitioner's Guide, reviewing and adopting the financial and general risk register at least once annually: failure to do so during 2020-21 will necessitate a negative assertion in the year's AGAR at Section 1, Box 5 and also in the IA Certificate at Box C.*

## **Budgetary Control & Reserves**

We aim in this review area to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal

determination of the amount to be precepted on the Royal Borough Council; that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We note from our examination of minutes that the Council has considered in some depth its budgetary requirements for 2021-22 resulting in the formal agreement of a final budget and precept for the year at the January 2021 full Council meeting, with the precept set at £204,000.

We are also pleased to note that, once meetings resumed, albeit remotely, periodic budget monitoring reports and accompanying variance analyses have been prepared for consideration by members. We have examined the pre final closedown detailed Omega budget report for the year noting a few further anomalies to those identified in our interim report that require attention and appropriate correction by journal.

At our interim review, we noted that receipt of a tranche of CIL money in May 2020 (£106,178.33) was initially coded to a debtor code (# 102): the posting was subsequently corrected by journal transferring the money directly to the CIL earmarked reserve code (# 312); this posting effectively codes the income directly to the Balance Sheet, thereby failing to disclose it as income during the year. Consequently, a further journal was required crediting the income to the correct CIL income code (# 1178) with a corresponding debit to Code 5000 "Transfer to EMR", as detailed in the attached Appendix; we are pleased to note that this had been corrected accordingly by the time of this final review visit.

Secondly, we noted that burial fees (nominal account code # 1021) received in the year have, in the main been coded to the Leisure Cost Centre (# 210) rather than the Cemetery Cost Centre (# 201), also that the income budget for burial fee income of £12,000 is recorded on Cost Centre 210 rather than the Cemetery Cost Centre (# 201). To the date of our interim review, burial income of £1,250 and £9,575 had been coded to Centres 201 and 210 respectively. Following our interim report, the appropriate journal amendments were made to the Omega coding applied: however, in reviewing the year-end position, we note that a further £1,000 of burial fees has been erroneously coded to Cost Centre 210. A further journal adjustment should be made to correct the residual miscoding before closing the accounts for the financial year.

### ***Conclusions and recommendations***

***A further coding adjustment should be made by journal to correct the £1,000 erroneously coded to Cost Centre 210 instead of 201 in relation to burial fee income.***

R8. *Appropriate journals, as set out in the attached Appendix, should be raised to ensure that CIL income is identified and reported as such in the Accounts and AGAR for the year, whilst also correcting the Burial Fee income budget allocation and miscoded income to the Cemetery Cost Centre rather than that relating to Leisure, with income received similarly coded to that Cost Centre. **These have been adjusted accordingly.***

R9. *A further journal adjustment is required to correct the mis-posting of £1,000 of burial fees to Code 210 instead of 201.*

## **Review of Income**

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council from its various sources, to ensure that income

is invoiced in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council.

We are again pleased to note that the scales of fees and charges applicable for activities such as burials, pitch hire and allotment lettings in 2020-21 were formally approved by Council in the previous municipal year.

We examined a sample of 10 burials during the current financial year at our interim review, ensuring that the appropriate fees had been charged for each and that each was supported by an appropriate undertaker's application form and either a burial or cremation certificate, with no issues arising in that respect. Whilst such income is generally entered in the Omega cashbook individually, the entries do not identify the names of the deceased, with the result that it is not possible to establish which income entry relates to which interment. We have made previous reference in the previous section of this report to the apparent miscoding of burial fee income.

We also examined the recovery of allotment rents by reference to the spreadsheet record of tenants' details. In doing so we noted that, of the anticipated total income receivable of £294 based on the individual rental fee for each plot as recorded on the spreadsheet, only £166 was recorded as having been received on the Omega nominal income code (# 1022). However, in examining the petty cash account transactions (see next section of this report), we noted that £78 of allotment rentals had been received and recorded in the Current account cashbook on 29<sup>th</sup> May 2020, the income being erroneously coded to the petty cash account code (# 210) in the ledger rather than the correct nominal income code: consequently, as recommended in our interim report, a correcting journal, as per the attached Appendix, has now been made.

Even so, there is an evident under-collection of £50 on the anticipated income level per the control spreadsheet, which still requires further investigation and resolution. As with burials, the Omega cashbook does not identify detail of which plot numbers the income received relates to making it impossible to identify which tenants have not paid their fees: whilst the spreadsheet identifies the date of receipt, they do not correlate to the Omega data entry dates.

### ***Conclusions and recommendations***

***Whilst we have no significant concerns in this area, we consider that some improvement in the referencing of income is required to ensure that a clear audit trail is in existence. We note that the Council has agreed to the acquisition and implementation in 2021-22 of the Omega Purchase and Sales Ledger modules of Omega, the latter of which should help provide a clearer audit trail and facilitate effective monitoring of any outstanding debt due to the Council.***

***As indicated above, we consider that action is still required to pursue any still unpaid allotment fees relating to 2020-21, together with ensuring that a more appropriate and readily identifiable audit trail of fee income received is put in place.***

***R10. The mis-posted allotment rents received should be corrected by journal, as detailed in the attached Appendix. This has been amended accordingly as recommended.***

***R11. The apparent under-recovery of allotment tenants' rents should be investigated and, if tenants have still not paid their 2020-21 rents, they should be further pursued for recovery.***

***R12. Improved cross-referencing of income from the various sources to provide a clear audit trail identifying the precise source of income received should be implemented as soon as practicable:***



*the implantation of the Omega Sales Ledger module in 2021-22 should assist identification of the exact source of income received.*

## Petty Cash Account

We are required, as part of the AGAR Internal Audit Report, to review and verify the soundness of controls over the operation of the Council's petty cash account. We have recorded above the existence of separate nominal account code (# 210) to record petty cash account transactions in the Omega accounts, with no formal Omega cashbook in place.

As above, we noted at our interim review the incorrect posting of one allotment income deposit to the petty cash account, which required amendment by journal, as per the attached Appendix. We also noted the incorrect posting of expenditure of £5.00 in May 2020, relating to the monthly direct debit in respect of water rates at the cemetery, to the petty cash account instead of to the account used for all other such monthly entries for the year to date (# 4012/210). We questioned the coding of these monthly direct debits to the Leisure Cost Centre (Code # 210), as they would seem more appropriately coded to the Cemetery Cost Centre (# 201). **Appropriate amendments have now been made by journal.**

No other postings have been made to the petty cash account for the year. Examination of the manuscript record of petty cash transactions for the year shows that only three transactions have occurred in, detail of which we have agreed to the supporting till receipts, etc. We have also, at this final visit, checked the physical petty cash held totalling £138.95, which exceeds the supporting balance on the petty cash "control" record by £1.76.

The Omega accounts (nominal account code 210) record a petty cash holding of £400, which is significantly at variance to the actual holding and appears to have been unchanged for a few years. To ensure the appropriate recording of petty cash account transactions and ensure that the Omega ledger account is maintained appropriately, we suggest that the following action be taken: -

- From discussion with the Clerk and the level of spend during 2020-21, it is apparent that the £400 balance recorded in the Omega control ledger is excessive and not required: consequently, we suggest that this level be adjusted to a more appropriate holding level of £200, with the residual £200 charged in the ledger as a miscellaneous expense;
- A cheque should be drawn to provide cash for the difference between the physical cash held (£138.95) and the £200 "float" as above: i.e., £41.05 (to also be charged as a miscellaneous expense) to bring the physical cash holding up to the adjusted £200 "imprest / float" recorded in Omega;
- All future cash expenditure should be reimbursed periodically by cheque drawn on the current account, with the expenditure coded directly to the appropriate expense code: this will result in the nominal petty cash account code in the ledger remaining unchanged, as at present, but reflecting the physical cash holding and any un-reimbursed payments at any point in time; and
- A spreadsheet record should be maintained itemising individual petty cash transactions, analysing the expenses across the relevant Omega expense codes with any VAT recorded in a separate column so that, as and when any "top-up" of the account is made, the various expenses codes may be identified when entering detail in the Omega cashbook with the VART element similarly posted to the VAT control account for periodic recovery.

Finally in this area, we suggest that, once we return to a more normal working situation, with members visiting the Council's offices, a nominated member should undertake a physical check of the physical petty cash held ensuring that it agrees to the detail in the above recommended spreadsheet record, signing off accordingly confirming the accuracy of the cash held to the spreadsheet record.

### ***Conclusions and recommendations***

***As indicated above, appropriate journal adjustments were required to the two erroneous entries in the petty cash nominal control account for the year: these have been made accordingly. Additionally, the above suggested procedure should be applied regarding the retained level of petty cash and recorded value in the Omega ledger.***

*R13. The identified posting errors to the petty cash account should be amended by journal, as detailed in the attached Appendix). **These have been amended accordingly.***

*R14. The petty cash account should be operated on an “imprest” basis with a fixed holding (say £200, as in the body of the report), with actual expenditure reimbursed periodically to return the cash holding to the recorded “imprest” value and charged directly to the relevant expense codes and VAT control account.*

*R15. The physical petty cash holding should be checked and agreed to the spreadsheet control record periodically by a nominated councillor.*

### **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 requirements of HMRC with regard to the deduction and payment over of income tax and national insurance contributions, together with meeting the requirements of the local government pension scheme, as amended periodically.

The Council employs two members of staff for which a formal PAYE scheme is operated by third party contractors (Safeguard World) using appropriate, bespoke payroll software. To satisfy the criteria above we have, by reference to the September, October and December 2020 payroll records:

- Noted that the Council approved implementation of the 2020-21 national pay award, which was duly paid with the December 2020 salaries, together with appropriate arrears dating from 1<sup>st</sup> April 2020;
- Verified the gross salary paid in each of the three months, together with backdated arrears (paid in December);
- Checked to ensure that appropriate tax and NI has been calculated and deducted by reference to the tax code recorded on the payslips and relevant HMRC tables;
- Checked that the correct superannuation deduction bandings are being applied; and
- Ensured that the correct net payment has been made to staff in each of the above three months, also ensuring the correct payments to the relevant agencies, albeit with the agencies’ payments effectively paid a month in arrears.

## Conclusions

*We are pleased to record that no issues arise in this area to warrant formal recommendation: we have, however, noted that the Clerk's pension adjustment for December has been calculated without inclusion of the pay award arrears. The Clerk is already aware of this error and has alerted the payroll provider accordingly for amendment with the next monthly salary payment to be processed.*

## Asset Register

The Practitioner's Guide requires that all councils maintain a formal register of the stock of physical assets owned by the Council. Whilst we are pleased to note that a detailed register is in place examination of the detail therein indicates that it is not fully compliant with the requirements of The Practitioner's Guide (2020 edition, Paras 5.145 et seq provides detail of the basis for recording and reporting asset values in the AGAR) with many the listed assets having no value assigned to them. External auditors have historically taken the view that all "Donated or Gifted" assets be recorded with a nominal value of £1: similarly, parcels of land should ideally also be assigned a nominal value of £1, unless the actual purchase cost in the latter case is known.

The register should also, in line with best practice, include detail of the acquisition date and, where applicable, the registration / serial number of the assets. We also note that a new salt bin was acquired during 2020-21 at a net cost of £305.64, which, we must assume due to the recorded detail of the 7 other salt bins listed in the register as "donated by RBWM", has not been added to the register.

Furthermore, best practice suggests that a photographic register of assets, specifically street furniture and play equipment, should be developed as in the event of any criminal or accidental damage, the ability to demonstrate both the existence and condition of the items has been found at other councils to assist and insurance reclaim or even police investigation.

We also note that the register records a total value of £510,334, which, despite the non-assignment of any value to several assets, exceeds that reported in the 2019-20 AGAR by £2,268.

## Conclusions and recommendations

***Based on the above findings, we consider that the asset register requires further examination and update to assign nominal values of £1 to each donated / gifted asset and parcel of owned land and inclusion of the new salt bin and any other new asset acquired during 2020-21 not already listed. The updated total value should be reported accordingly in the year's AGAR at Section 2, Box 9.***

*R16. The asset register should be reviewed urgently and updated to include detail and values, as set out in the body of the report, of an assigned nominal value of £1 for those assets currently assigned no value.*

*R17. In line with best practice the continued existence of and condition of assets should be the subject of annual scrutiny with any required adjustments made to the register.*

*R18. If not already in existence, consideration should be given to the development of a photographic register of assets such as street furniture to assist in the smooth progression of any insurance reclaim in the event of any wilful or accidental damage occurring to Council property.*

## Investments and Loans

The Council holds no specific investments, although, as noted earlier in this report, “excess” funds are periodically placed in Fixed-term deposits, two being held currently at Lloyds Bank and Yorkshire Bank. We have made earlier reference to the need to ensure that accrued interest on the Yorkshire Bank deposit is brought to account in the 220-21 Omega ledger prior to its formal closedown for the year.

We are pleased to note that the Clerk had previously prepared an appropriate Investment Strategy / Policy, as required by the revised Local Government legislation in this respect, which, from 1<sup>st</sup> April 2018, requires all councils with “investments” in excess of £100,000 to develop such a document (“investments” are deemed, within that legislation, to include all funds held in cash and bank accounts).

The Council does not have any loans either repayable by, or to, it.

### **Conclusions**

***No additional issues arise in this area warranting formal comment or recommendation: recommendation R4 making appropriate reference to the need to update the Omega ledger with the value of accrued interest on the Yorkshire Bank term deposit.***

Strategy is finalised and the anticipated additional CIL moneys are received.

## **Statement of Accounts and Annual Return**

The Council’s annual Statement of Accounts is generated automatically by the Omega accounting software which also generates detail for inclusion on the AGAR at Section 2 on an Income & Expenditure basis.

The Omega accounts had not been finally closed at the time of our final review visit: consequently, we have arranged with the Clerk that we are provided with a copy of the final detail, which we will review accordingly and, if appropriate, issue an addendum to this report following that review.

### **Conclusions**

***Based on our detailed work during the year on the Council’s systems of financial and management control, we have signed off the Internal Audit Certificate in the year’s AGAR assigning positive assurances in each relevant area apart from that relating to publication of the Notice of Public Rights for 2019-20.***

***We remind the Clerk of the requirements of the guidance notes in the preface to the year’s AGAR in relation to the documentation that should be displayed on the Council’s website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council’s documentation for the financial year (the 2019-20 external audit certificate refers***

Rec. No.	Recommendation	Response
<b>Review of Accounting Arrangements and Bank Reconciliations</b>		
R1	In line with best practice, bank reconciliations should be subject to independent review and sign-off by a nominated councillor at least once every quarter, the councillor evidencing that review on both the reconciliations, bank statements and Omega generated cashbooks.	<i>Noted and now in place.</i>
R2	Where cheques remain uncleared at bank for three or more months, the payee should be contacted to establish whether they still hold the cheque and will be depositing it in their account or require a replacement. If no longer required, the cheque should effectively be cancelled by writing it back in the accounts as a negative payment crediting the originally charged expense code.	<i>Noted for future reference.</i>
R3	The apparent anomaly with regard to the apparent duplicated write back of the “out-of-date” Victorian Fayre cheque drawn in 2018 should be further investigated with appropriate corrections made in the Omega accounts.	<i>This has been corrected with support from RBS.</i>
R4	The accrued interest earned on the Yorkshire Bank term deposit should be entered in the cashbook before the Omega accounts are closed for the year.	
<b>Review of Corporate Governance</b>		
R5	The Council should review and update its extant Standing Orders and Financial Regulations bringing them into line with the latest NALC model documents.	<i>Work is in hand to update as recommended.</i>
R6	Care should be taken to ensure compliance with the public disclosure requirements of the Accounts and Audit Regulations 2015 and provision of the documentation required by the external auditors as set out in the Preface to the year’s AGAR.	<i>Noted and will be complied with for 2020-21.</i>
<b>Assessment and Management of Risk</b>		
R7	The Council must ensure compliance with the requirements of The Practitioner’s Guide, reviewing and adopting the financial and general risk register at least once annually: failure to do so during 2020-21 will necessitate a negative assertion in the year’s AGAR at Section 1, Box 5 and in the IA Certificate at Box C.	
<b>Budgetary Control &amp; Reserves</b>		
R8	Appropriate journals, as set out in the attached Appendix, should be raised to ensure that CIL income is identified and reported as such in the Accounts and AGAR for the year, whilst also correcting the Burial Fee income budget allocation and miscoded income to the Cemetery Cost Centre rather than that relating to Leisure, with income received similarly coded to that Cost Centre.	<i>Noted and amended accordingly.</i>

Rec. No.	Recommendation	Response
<b>Budgetary Control &amp; Reserves (Continued)</b>		
R9	A further journal adjustment is required to correct the mis-posting of £1,000 of burial fees to Code 210 instead of 201.	
<b>Review of Income</b>		
R10	The mis-posted allotment rents received should be corrected by journal, as detailed in the attached Appendix.	<i>Noted and amended accordingly.</i>
R11	The apparent under-recovery of allotment tenants' rents should be investigated and, if tenants have still not paid their 2020-21 rents, they should be further pursued for recovery.	
R12	Improved cross-referencing of income from the various sources to provide a clear audit trail identifying the precise source of income received should be implemented as soon as practicable: the implantation of the Omega Sales Ledger module in 2021-22 should assist identification of the exact source of income received.	<i>Noted and will be addressed in 2020-21.</i>
<b>Petty Cash Account</b>		
R13	The identified posting errors to the petty cash account should be amended by journal, as detailed in the attached Appendix),	<i>These have been amended as recommended.</i>
R14	The petty cash account should be operated on an "imprest" basis with a fixed holding (say £200, as in the body of the report), with actual expenditure reimbursed periodically to return the cash holding to the recorded "imprest" value and charged directly to the relevant expense codes and VAT control account.	
R15	The physical petty cash holding should be checked and agreed to the spreadsheet control record periodically by a nominated councillor.	
<b>Asset Registers</b>		
R16	The asset register should be reviewed urgently and updated to include detail and values, as set out in the body of the report, of an assigned nominal value of £1 for those assets currently assigned no value.	
R17	In line with best practice the continued existence of and condition of assets should be the subject of annual scrutiny with any required adjustments made to the register.	

Rec. No.	Recommendation	Response
<b>Asset Registers (Continued)</b>		
R18	If not already in existence, consideration should be given to the development of a photographic register of assets such as street furniture to assist in the smooth progression of any insurance reclaim in the event of any wilful or accidental damage occurring to Council property.	

## Sunninghill & Ascot Parish Council

### Accounting adjustments

*The following amendments by journal are required, as set out in the body of the foregoing detailed report.*

Detail	Nominal Code/ Cost Centre	Debit £p	Credit £p
<b>Receipt of CIL moneys:</b>			
Transfer to reserves	5000/102	106,178.33	
CIL income	1178/102		106,178.33
<b>Burial fees:</b>			
Burial fee income	1021/210	9,575.00	
Burial fee income	1021/210		9,575.00
<i>Income should be coded to the Cemetery Cost Centre, not Leisure: the budget of £12,000 should also be shown on Cost Centre 201, not 210.</i>			
<b>Allotment rental income:</b>			
Petty cash account	210	78.00	
Allotment rents	1022/210		78.00
<b>Petty Cash Account</b>			
Cemetery rates	4012/210	5.00	
Petty cash account	210		5.00
<i>As in the report, we question the coding of cemetery expenses to the Leisure Cost Centre (# 210) and consider they should be coded to the Cemetery Cost Centre 201: this will also apply to other items of cemetery expenditure, not just rates</i>			