

RESPONSE TO INTERNAL AUDIT REPORT 2019/20. Recommendations of Parish Clerk (in red) approved by Parish Council 05.06.2020.

1.	<p>AGAR box 8</p> <p>This is straightforward. On the AGAR Section 2 form, I put £25,058 in box 8 for 2019/20. This is the actual figure on our bank statement. However, I should have deducted unrepresented cheques.</p> <p>I will deduct the unrepresented cheques and box 8 will now read £24,482.</p>
2.	<p>VAT claim</p> <p>VAT was last reclaimed in October 2018. As we have 3 years in which to claim, I was waiting until we receive the invoice from Trinity Renovations for the work on the Lower Pumphouse, which I had assumed would be complete before end 2019, before submitting the claim. Everything is ready to go as soon as their work is finished and signed off, and their invoice received and paid.</p> <p>VAT to be reclaimed asap.</p>
3a.	<p>Financial Regulations Section 10</p> <p>I did not inherit a Purchase Order system and, in my opinion, it would be an extra layer of bureaucracy to implement one for expenditure of less than £500. In addition to the paperwork it would be necessary for me to travel to the village to get signatures every time. Also, you will recall that the Parish Council has already decided that it is not necessary to seek three quotations for work of less than £250.</p> <p>As far as I can see, our Financial Regs http://greatbudworth.com/wp-content/uploads/2019/05/13.05.19-Great-Budworth-Parish-Council-Financial-Regulations.pdf do not strictly insist on a Purchase Order. They say “an official order or letter shall be issued” and, if we interpret letter to include a formal email, this is what has happened, with the exception of two purchases (£66.20 + £190) made by a member of the public.</p> <p>ALL expenditure (above and below £500) was approved by Finance Committee. Most items were on-going contracts / subscriptions / memberships or rent or election recharge or insurance or salary / tax / pension / expenses and I would not expect to issue a P.O. for each of these. Indeed, the Financial Regs say that an order does not have to be issued if it would be inappropriate.</p> <p>The only other expenditure in 2019/20 was</p> <ul style="list-style-type: none"> • Stocksigns £163.64 • Nick Bowman £990.00 • Cardiac Science Holdings (defib pads) £91.14 • Guttering £66.20 and paving £190.00 • Nick Bowman £160.00 • Nick Bowman £660.00 <p>For all of these under £500 (except the purchases by a member of the public mentioned above), I issued a formal email which has been retained. And for the items above £500, I issued a formal letter. You should also be aware that for the work by Trinity Renovation on the Lower Pumphouse, which is by far our greatest expenditure, I did actually issue a P.O. as drafted by our Chairman.</p> <p>I propose we amend the Financial Regs to be clear that emails are included under the term “letter” and to say that formal Purchase Orders will only be required for items of expenditure over £1000.</p>

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3b.	<p>Financial Regulations Section 4</p> <p>As stated above, ALL expenditure (above and below £500) was approved by Finance Committee, the minutes of which are received by the Parish Council. In my opinion this means that we have exceeded the requirement in Section 4 which requires only the Chair and Clerk to certify expenditure up to £500. The minutes of every Finance Committee clearly show what has been authorised so I am surprised that the auditor says it is not clear.</p> <p>No action.</p>
4.	<p>Asset Register</p> <p>You will find our latest Asset Register on our website http://greatbudworth.com/wp-content/uploads/2019/05/APPENDIX-PC-9-a-Asset-Report.pdf Last year (2018/19) I originally posted the figure of £676,850 in box 9 of the AGAR. This was taken directly from the Asset Register for 2017 (the latest available at the time). The auditor, however, instructed that as no new assets had been acquired, the figure should be the same as in the 2017/18 AGAR return ie £416,433. Apparently, this is because the assets should be valued at purchase cost. See item 5 on the internal auditor's report for 2018/19. So, I stuck to the same principle this year and inserted £416,433 again.</p> <p>The auditor has now questioned this because the figure does not tally with the actual register. Indeed, this exact figure does not appear anywhere in the actual register, against any year. I have done some detective work to try and get to the bottom of this.</p> <p>It would appear that in the 2015/16 AGAR, the figure for assets was "restated" to include the finials. Then again it was amended in 2016/17 to £416,433 to include an additional cost of the finials.</p> <p>I propose that the Chairman (who annually updates the asset register) and myself get together to work out how to address this. It might mean including in the Asset Register a set of figures for the AGAR returns (at purchase cost restated) as well as the actual indicative costs (based on comparable costs or estimated replacement construction costs) for the assets.</p> <p>Reserve bank account.</p> <p>This account contains £2.13 and the last statement was received in April 2016.</p> <p>Close the account when signatories can be ascertained. Cllr Torrance will investigate.</p>
5.	<p>Cashbook different to budget sheet.</p> <p>Basically, the front summary page of the end of year accounts / budget shows a figure of £10,924.01 whereas the cashbook on sheet 9 shows £10,691.81. A difference of £232.20. This is because for each month I include tax payments of £77.40 in the overall budget. However, these are actually paid to HMRC each quarter ie £232.20. Coronavirus lockdown has meant I have not been able to get these cheques signed and posted to HMRC. I have spoken to them and they have given an extension until July.</p> <p>I will post the cheques to HMRC before July.</p>