



SHAVINGTON
CUM
GRE^{STY}

Shavington-cum-Gresty Council
Finance & Strategy Committee meeting
Main Road,
Shavington, Crewe
CW2 5DP
www.shavingtononline.co.uk

12 May 2022

To: **Members of the Finance & Strategy Committee**

Dear Councillor,

You are summoned to attend the meeting of the **Finance & Strategy Committee** to be held at **7:30PM** on **Wednesday 18 May 2022** at **Shavington-cum-Gresty Village Hall, 159 Main Rd, Shavington, CW2 5DP.**

Your sincerely,

Simona Garnero
Parish Clerk

AGENDA

1	To receive and consider apologies for absence
2	To elect the Chair and Deputy Chair
3	To note the Term of References for the Finance and Strategy Committee (attached)
4	To confirm and sign the minutes of the Finance Committee Meeting hold on 9 March 2022 (attached)
5	To review the year-to-date expenditure for the Council as a whole and to consider Month-End reconciliation statements (to follow)
6	To undertake an internal audit check
7	To receive and consider the Internal Audit report (attached)

8	To consider the Parish Council Financial Risk Assessment (<i>attached</i>)
9	To receive and consider the budget setting schedule for the 2023/2024 budget (<i>attached</i>)
10	To note and consider an update with regards to 140 Main Road
11	To note and consider an update with regards to the Recreational Land project
12	To note the date of the next Finance & Strategy Committee Meeting – 21 September 7:30pm



SHAVINGTON
CUM
GRESTY

Report Statement

Meeting: Finance and Strategy Committee, 18.05.2022

Report Purpose: To present Committee ToRs

Version Control: v1

Author: Clerk

1. Report Summary

The report presents the Committee ToR for 2022/23

2. Background

On 4 May 2022 the Parish Council approved the Committees Term of References.

3. Position

Members are asked to note the Committee Term of Reference for 2022/23

4. Governance

ScG Parish Council Standing Order

LGA 1972

Finance & Strategy Committee Term of References

5. Financial Impact

None

6. Resource Impact

None

7. Wards Affected

All

8. Conclusions

Members are asked to note the Committee Term of Reference.



SHAVINGTON
 CUM
GRESTY

FINANCE AND STRATEGY COMMITTEE

	5 Members of Authority	Quorum 3
	Meeting will take place every 3 months	
	<p>To take a strategic overview of Council operations and ensure that strategy is coordinated across all committees in line with the strategic agenda set by members.</p> <p>To oversee the general operations of the Council in areas such as finance, policy review, budget management, audit, risk management.</p> <p>All non-committee members may attend meetings of the Committee except for confidential items or matters relating to grievance or discipline and speak at the Chairman's discretion but are unable to vote.</p>	
	Function of the Committee	Delegation of function
1	To advise Council on Financial Regulations, Standing Orders and Standing Orders for Contracts.	Committee
2	To ensure that there is a rolling programme of policy and governance reviews in accordance with agreed "review" dates.	Parish Clerk
3	To advise Council on the Constitution and all policy documents not specifically allocated to other standing committees	Committee
Finance		
4	To be responsible for the overall management and control of the finances of the Council	<p>Council to approve banking arrangements Committee for strategic review</p> <p>RFO/Parish Clerk in accordance with Financial Regulations and for operational management</p>
5	To monitor the Council's capital and revenue budgets	Committee/RFO in accordance with Financial Regulations.
6	Approval of variation, overspend, and virement in accordance with financial regulations	Committee, Parish Clerk and RFO as set out in Financial Regulations
7	To authorise payments in accordance with Financial Regulations	Committee, Parish Clerk and RFO as set out in Financial Regulations



SHAVINGTON
 CUM
GRESTY

8	Approval of Orders for work, goods or services acceptance of tenders	Council/Committee/Proper Officer/Parish Clerk in accordance with Financial Regulations and Standing Orders for Contracts. Parish Clerk to approve or vary lists of approved contractors subject to Financial Regulations or Standing orders
9	To make recommendations to the Council on Budget and Precept requirements.	Committee RFO/Parish Clerk to prepare draft Budget and Budget Report
10	To advise on the financial implications of proposed new policies or services including potential costs and sources of revenue.	Committee
11	To advise Council on borrowing policy, investment and treasury management	Committee
12	To regularly monitor the performance of all funds invested.	Committee, Parish Clerk/RFO
13	To supervise the Council's insurance arrangements.	Parish Clerk/RFO for renewal and operational matters. Committee for overview, tendering and changes of cover.
14	To supervise the Council's banking arrangements.	RFO/Parish Clerk Authorised signatories to authorise mandate and payments in accordance with Financial Regulations
15	To be responsible for all matters related to the full range of financial and accountancy functions.	Committee for Strategic overview RFO/Parish Clerk for operational management



SHAVINGTON
 CUM
GRESTY

16	To consider reports on outstanding debts due to the Council and to undertake recovery or write off.	Committee for aged debt in accordance with Financial regulations. RFO for routine actions to recover
17	Authorisation of investments and debt repayment in accordance with the Council's Policy	Committee
18	To authorise all leasing arrangements for the acquisition of vehicles, plant and equipment within approved budgets	Committee/Parish Clerk in accordance with Financial Regulations
Procurement		
19	To co-ordinate and oversee the Council's Corporate Procurement and advise it on policy.	Committee for strategic overview Parish Clerk for operational management in accordance with Financial Regulations, Standing orders
Information Technology Services		
20	To oversee the use of information and other technology in support of the Council's business and service commitments.	Operational management to Parish Clerk Strategic Overview to Committee and Contracts within approved budget.
21	To approve all security arrangements of the Council in respect of computers and financial issues.	Committee/Parish Clerk/RFO in accordance with Financial Regulations
22	To oversee the implementation and maintenance of the Council's Accessibility and Transparency Policy	Committee for strategic overview Parish Clerk for operational management in accordance with Financial Regulations, Standing orders
Performance and Business Management		
23	Approval and monitoring of Corporate Business Plan	Committee Parish Clerk to determine underlying Action and Project Plans



SHAVINGTON
 CUM
GRESTY

24	Approval of Operating Procedures	Committee for initial Financial Procedures Parish Clerk for other procedures and updating financial procedures
25	Approval, design, planning of strategic projects	Committee
26	To seek and maximise the benefits of external funding and have a strategic overview of all funding opportunities and how to better allocate these to the Council's projects	Strategic overview to Committee Operational management to Parish Clerk
Asset Management		
27	To have oversight of assets and the transfers of assets.	Committee
28	Maintenance of the Asset Register	Parish Clerk
29	Corporate landlord management, repair and maintenance. Leasing & licensing of Council land and buildings	Council for acquisition and disposal Strategic overview to Committee Parish Clerk for operational management
Public Buildings		
30	Power to provide and encourage the use of conference facilities, Local Government Act 1972, S144 Power to provide public buildings and halls, Local Government Act 1972, S215 Power to provide and equip community buildings, Local Government Act 1972, s 133	Committee for strategic overview Parish Clerk for operational management
31	Power to provide and equip community centres for use of clubs having athletic, social or recreational objectives, Local Government (Miscellaneous Provisions) Act 1976 S19.	Committee for strategic overview Parish Clerk for operational management
Audit		
32	To maintain and have oversight of Member Audits.	Committee Parish Clerk to support with operating procedures



SHAVINGTON
 CUM
GRESTY

33	To undertake any actions recommended following Member Audits and to have overview of risk management	<p>Committee (Council if change of policy required). Council to receive external audit report.</p> <p>Parish Clerk/RFO to manage in accordance with Financial Regulations and to undertake all statutory actions to facilitate audits and returns.</p>
34	Final Internal and External Audit Reports	Committee to advise Council on response
Information and Data Protection		
35	Policy on Data Protection, Access to Information, Freedom of Information and Human Rights.	Advice to Council
36	Decisions on issues relating to Data Protection and Human Rights.	<p>Strategic overview and monitoring to Committee</p> <p>Parish Clerk to renew Data Protection Registration, make amendments as necessary, respond to routine requests for information and matters raised by the Information Commissioner or Data Protection Officer.</p> <p>Parish Clerk to update Privacy notices of all categories.</p>
37	Decisions on issues relating to Access to Information and Freedom of Information.	<p>Committee for strategic overview</p> <p>Parish Clerk to ensure Publication Scheme and Information Guide up to date, all requests for information are dealt with according to legislation and policy and respond to matters raised by the Information Commissioner.</p>
Ethical Framework		
38	To monitor and control the Council's Code of Conduct and related protocols	Strategic overview and monitoring to Committee.



SHAVINGTON
CUM
GRESTY

		For Officer delegation see Council ToR
--	--	--

NB. Any actions delegated to the Parish Clerk/Proper Officer may in his/her absence be undertaken by the nominated deputy or deputies, if the matter cannot wait until the Parish Clerk's return.



NOTE – IF ODD No. OF PAGES, ADD ANOTHER PAGE AND CLEARLY MARK to facilitate collating of printed agenda packs–

BLANK

Shavington-cum-Gresty Council
Finance Committee meeting
Main Road,
Shavington, Crewe
CW2 5DP



MINUTES of the meeting held on
Wednesday 9 March 2022

In attendance: Cllr Ferguson, K Gibbs, B Gibbs, Wain

ScG FC/21/3/1	<i>To receive apologies for absence</i>
	Apologies were received and accepted from Cllr Hancock
ScG FC/21/3/2	<i>To confirm and sign the minutes of the Finance Committee Meeting hold on 17 November 2021</i>
	RESOLVED: That the Minutes of the previous meeting are approved and signed as an accurate record.
ScG FC/21/3/3	<i>To note declarations of Members' interests</i>
	No declaration was raised.
ScG FC/21/3/4	<i>To review the year-to-date expenditure for the Council as a whole and to consider Month end reconciliation statement</i>
	Members NOTED the year-to-date expenditure for the Council as a whole. RESOLVED: that the Bank Reconciliations (Village Hall account) dated 31.01.2022 are signed as correct record of the Council account system
ScG FC/21/3/5	<i>To consider recommending to Full Council a revised version of Finance Regulation</i>
	Members NOTED the report. RESOLVED: that the revised version of Finance is approved – subject to the amendment to s4.1 being made-and that the Regulation is recommended to Full Council for adoption
ScG FC/21/3/6	<i>To undertake an internal audit check</i>
	Members undertook internal audit checks on the following areas:

	<ul style="list-style-type: none">-BACS payment checks (payees details cross check)- Payroll records and contract of employments- VAT returns and supporting VAT records- Minutes on website <p>No issue was raised from Members.</p>
ScG FC/21/3/7	<i>To note the approved budget for 2022/23</i>
	Members NOTED the report.
ScG FC/21/3/8	<i>To note and consider the lists of payments and receipts made by the Council since 1 April 2021</i>
	Members NOTED the list of payments and receipts

Meeting Closed at 2056 hrs

Chair: Cllr Wain

Clerk: S Garnero



SHAVINGTON
CUM
GRESTY

Report Statement

Meeting: Finance and Strategy Committee, 18.05.2022

Report Purpose: To provide the Internal Auditor Report 2021/22
issued by JDH Business Services Limited

Version Control: v0

Author: Clerk

1. Report Summary

The report presents the IA report for 2021/22

2. Position

Members are asked to note the IA report for 2021/22 and related recommendations to be implemented.

Members are also asked to recommend to Full Council to set the following dates for the period of Public Rights:

- Commencing on **Monday 13 June 2022** and ending on **Friday 22 July 2022**

3. Governance

ScG Parish Council Standing Order
LGA 1972
ScG Finance Regulation
Local Audit & Accountability Act 2014
Accounts & Audit Regulations 2015

4. Financial Impact

None

5. Resource Impact

None

6. Wards Affected

All

7. Conclusions

To note the IA report

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22

The internal audit was carried out by undertaking the following tests in the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective. The recommendations included in the action plan should to be implemented promptly.

JDH Business Services Limited

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>We were informed that the cleaning contract has been extended by reference to section 11.1 a iv of the Financial Regulations to exempt the contract from the standard procurement requirements of the Financial Regulations for contracts in excess of £3000 where three quotations are required.</p>	<p><i>The council should note that all contracts in excess of £3000 should be periodically subject to the market testing requirements of the Financial Regulations.</i></p>	
2	<p>The village hall prices are not published on the council website and there is no section on the website noting that there is a village hall for hire.</p> <p>Sample testing of income identified that the hire time, date, unit hire price and number of hires are frequently not included in the hire invoice so there is lack of audit trail from the booking schedules to the customer invoice. In addition, the lack of this information in a customer invoice makes it difficult for a customer with a number of hires to identify which hires they are paying for.</p>	<p><i>The village hall hire prices approved by council should be clearly published on the council website.</i></p> <p><i>Hire invoices should always include the hire time, date, unit hire price and number of hires so the customer is provided with the necessary information about their hire and there is a full audit trail from bookings to invoices issued</i></p>	
3	<p>The risk assessment does not address the risks of supplier fraud via appropriately robust policies and procedures. Examples of</p>	<p><i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding</i></p>	

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>prevention actions include:</p> <ul style="list-style-type: none"> - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information. - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments. - checking address and financial health details with Companies House - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account 	<p><i>controls.</i></p>	

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22

	ISSUE	RECOMMENDATION	FOLLOW UP
2020/21 internal audit			
1	The 2019/20 accounts comparatives in the 2020/21 AGAR are incorrect. £21,217 has been disclosed as staff costs instead of £20,217. In addition, a number of rounding changes have been made.	<i>The 2019/20 accounts which were certified by the external auditor must be disclosed accurately in the 2020/21 AGAR.</i>	Implemented
2	The cash book was balanced to the incorrect bank statement date in the year end bank reconciliation. The statement balance as at March 29 th 2021 was used which resulted in a number of cheques being disclosed as 'unpresented' in the bank reconciliation when in fact they had cleared the bank account by March 31 st , 2021.	<i>The year end bank statement balance must be used in the year end bank reconciliation.</i>	Implemented
3	The council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as amended by SI 2020/404 the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 as it failed to make proper provision for the exercise of public rights for the 2019/20 accounts. The public notice inspection period covered a 29 working day period instead of 30 days as no account was taken of the fact that August	<i>The council must comply with the requirements of the Accounts and Audit Regulations 2015 with respect to the notice for the exercise of public rights.</i>	Implemented

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
	31 st 2020 was a bank holiday.		
4	The VAT return produced by the SCRIBE system contains no supplier VAT registration numbers. No VAT reclaims were received in the year.	<i>VAT must be reclaimed on a timely basis. The VAT return needs to be populated with all supplier VAT registration numbers before submission to HMRC.</i>	Implemented
5	Two laptops were purchased during the year but had not been added to the fixed asset register.	<i>The council must ensure that all capital additions during the year are identified and recorded in the fixed assets register.</i>	No issues identified in 2021/22 fixed asset testing.
2019/20 internal audit			
1	The initial budget setting process for 2019/20 failed to take account of the full year projected PCSO costs resulting in a shortfall in the initial budget of £13000.	<i>The budgeting process that underpins the setting of the precept must be improved to take account of all known expenditure.</i>	Implemented
2	A £3000 transfer between bank accounts had incorrectly been included in payments in the AGAR annual return accounts. Therefore, the year end balances and other payments were incorrectly stated.	<i>The Other Payments figure in the Annual Return should be reduced by £3000 and the year end balances. The year end balances should equate to £58977 (rounded).</i>	Implemented
3	The council did not comply with Regulation 15 of the Account and Audit Regulations	<i>The council must ensure that it makes proper provision for the exercise of</i>	See 2020/21 internal audit

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
	2015 as it failed to make proper provision for the exercise of public rights in Summer 2019 for the 2018/19 accounts as the approval date of the accounts in the AGAR annual return was after the start date of the period for the exercise of public rights.	<i>public rights for every financial year</i>	
4	<p>We reported in 2018/19 that Minute 289 of the March 2019 meeting appeared to delegate various authorities relating to the village hall to a single member, which includes the ability to commit the council to expenditure and to make decisions for the council. The council resolved in 2019/20 that these functions would revert to the clerk, however, from review of the 2019/20 records it appears that councillors have undertaken roles in hall administration and committed the council to expenditure for the hall.</p> <p>Under s101 (1), (5) and (6) of the Local Government Act 1972 a parish council may arrange for any of its functions to be discharged by a committee, sub-committee or officer. S101 does not permit the council to delegate its functions to a single member. Therefore, the council may be currently operating in breach of the Local</p>	<p>RECURRING RECOMMENDATION <i>The council need to resolve this situation urgently and ensure functions are delegated only to a committee, sub-committee or an officer and that no councillor commits to council to orders or contracts for expenditure.</i></p>	<p>The council clerk has confirmed individual councillors can no longer commit the council to expenditure</p>

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
	Government Act 1972.		
5	Income systems for the village hall could not be tested as no supporting documentation such as diaries/booking forms/invoices and receipts were provided. The clerk had requested the items from the councillor managing the bookings system but these had not been received at the date of the internal audit. It is likely that the pandemic and subsequent lockdown has impacted on the clerk ability to secure all the income information required	<i>The council need to urgently re-establish effective internal controls over hall hire and ensure all hall hire documentation is retained and made available for internal audit.</i>	Implemented
6	The fixed asset register value is incorrect as it does not cast correctly. An asset purchased in 2019/20 has been added, but the register is maintained as a WORD document rather than a spreadsheet so the total has not changed. In addition, there is a statement on the asset register about a recommendation from internal audit from 2017/18 that was never actually made. Finally, the clerk having corrected the final 2018/19 asset register disclosure on the AGAR annual return, has this year made the same error again and included a recent valuation figure(s) for assets.	<p><i>The fixed asset register should equate to last year's figure from the AGAR annual return plus the one addition in the year. Therefore, the register needs to be amended and the Annual Return disclosure.</i></p> <p><i>The invalid statement about internal audit recommendations from 2017/18 must be removed from the asset register.</i></p> <p><i>The asset register should be maintained as an excel spreadsheet.</i></p>	Implemented, however, see 2020/21 issues

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<p><i>The Practitioners' Guide requires that assets should be valued at purchase cost or an insurance proxy if that isn't known (that doesn't change over time), therefore, the only movement in fixed assets each year should be for additions and disposals and all additions should be at purchase price.</i></p> <p><i>The Council need to review the asset register and disclose the correct value in the AGAR Annual Return which should equate to the value for fixed assets disclosed in the 2018/19 AGAR annual return plus additions at cost less disposals at cost.</i></p>	
7	The information provided for internal audit indicated that VAT had not been reclaimed on Direct Debits. The material VAT issue raised in 2018/19 has still not been addressed.	<p><i>VAT on Direct Debits should be separately analysed and reclaimed</i></p> <p><i>Issue 4 of the 2018/19 report relating to VAT and partial exemption must be addressed.</i></p>	<p>Recommendation Outstanding</p> <p>2021/22 follow up – VAT returns include VAT reclaimed on Direct Debits</p>
8	Sample testing identified an expenses claim for £189.97 from a councillor with no receipts provided.	<p><i>Expenditure invoices/vouchers must be provided for all expense claims. VAT cannot be reclaimed on standard rated expenditure that is not supported by a</i></p>	<p>No further expenses issues identified in 2020/21</p>

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>VAT invoice.</i>	
9	We raised a number of important issues last year but most have not been addressed.	<i>The council should urgently review all issues from 2018/19 internal audit and the 2019/20 internal audit and take prompt action to implement the recommendations.</i>	See internal audit issues below
2018/19 internal audit			
1	<p>A budget of £180595 has been set for 2019/20 to be financed by £129000 precept and the remainder from the entirety of forecast general reserves at the end of 2018/19. This approach to the 2019/20 budget would potentially either level the council with a critically low level of reserves, or no reserves so that any overspend could mean the council running at a deficit in funds.</p> <p>Therefore, the budget set for the 2019/20 financial year does not take into account of 'an amount that the council estimates will be appropriate to meet future estimated expenditure' (ie to hold in reserves). This is</p>	<p><i>The council should urgently improve budgetary control and budget setting:</i></p> <ul style="list-style-type: none"> • <i>The Council should review their budget analysis and ensure that they can balance the budget for 2019/20. The items in particular that need to be reviewed are the £10000 unallocated sum and the £20000 budget for a purchase of parcel of land. These two budgets may be needed instead to ensure general cash reserves are in place at the year end.</i> • <i>The council must ensure that they are carrying an adequate</i> 	<p>See 2019/20 issues.</p> <p>2020/21 follow up - implemented</p>

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
	a requirement of the Local Government Finance Act 1992.	<p><i>general reserve. Sector guidance is that this should be between 3 and 12 months of the precept level</i></p> <ul style="list-style-type: none"> • <i>Budgetary control reports detailing spend to date against budget should be regularly reported during 2019/20</i> 	
2	<p>Minute 289 of the March 2019 meeting appears to delegate various authorities relating to the village hall to a single member, which includes the ability to commit the council to expenditure and to make decisions for the council.</p> <p>Under s101 (1), (5) and (6) of the Local Government Act 1972 a parish council may arrange for any of its functions to be discharged by a committee, sub-committee or officer. S101 does not permit the council to delegate its functions to a single member. Therefore, the council may be currently operating in breach of the Local Government Act 1972.</p>	<i>The council need to resolve this situation urgently and ensure the functions listed in minute 289 are delegated only to a committee, sub-committee or an officer.</i>	<p>Recommendation outstanding – see 2019/20 issues.</p> <p>2020/21 follow up – council clerk has confirmed individual councillors can no longer commit the council to expenditure</p>
3	Income systems for the village hall could not be tested as there was no audit trail from	<i>The council need to urgently re-establish effective internal controls over</i>	Recommendation outstanding – see 2019/20 issues.

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
	diaries to booking forms to invoices and to bankings. We could identify no booking forms, invoices, booking diaries or price lists. We understand that bookings were maintained on a personal computer by a councillor but that this information is not now available. The clerk has carried out an exercise to record all entries in the receipt books (total £3740) and to match with actual deposits into the bank (£3425), but this differs by £315.	<p><i>hall hire and ensure all hall hire documentation is retained and made available for internal audit.</i></p> <p><i>The council should investigate the shortfall in hall hire bankings of £315.</i></p>	2020/21 follow up - implemented
4	We previously recommended that the council should secure VAT advice on the impacts of the significant works to the town hall on the amount of VAT that can be reclaimed, due to the £7500 partial exemption threshold. No VAT specialist advice has been secured and no VAT reclaim has been submitted for 2018/19 nor any received during 2018/19 relating to previous periods.	<i>The council need to urgently secure guidance from the SLCC VAT advice function to determine to what extent the VAT incurred on the village hall can be reclaimed. A VAT reclaim then need to be submitted promptly as the VAT will be needed to contribute to the cash reserves in 2019/20.</i>	Recommendation outstanding – see 2019/20 issues
5	The council have revalued the village hall and reflected the new value in the fixed asset register.	<i>The Practitioners' Guide requires that assets should be valued at purchase cost or an insurance proxy if that isn't known (that doesn't change over time), therefore, the only movement in fixed</i>	See 2019/20 issues

**INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2021/22**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<p><i>assets each year should be for additions and disposals and all additions should be at purchase price.</i></p> <p><i>The Council need to review the asset register and disclose the correct value in the AGAR Annual Return which should equate to the value for fixed assets disclosed in the 2018/19 AGAR annual return plus additions at cost less disposals at cost.</i></p>	
6	S137 payments are recorded in the minutes but there is no separate analysis in the cash book so the cumulative level of S137 can be recorded against statutory limits.	<i>A separate analysis of S137 payments should be maintained in the cash book.</i>	<p>Recommendation outstanding .</p> <p>2020/21 follow up – clerk has identified the s137 payments</p>



SHAVINGTON
CUM
GRESTY

Report Statement

Meeting: Finance & Strategy Committee, 18.05.2022

Report Purpose: To provide Members a draft version of the
Financial Risk Assessment

Version Control: v1

Author: Clerk

1. Report Summary

The reports provide Members the Draft version of the Financial Risk Assessment

2. Background

The Council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO shall prepare, for approval by the Council, risk assessment in respect of all activities of the Council. Risk assessment and consequential risk management arrangements shall be reviewed by the Council at least annually.

3. Position

Members are asked to consider the draft Financial Risk Assessment attached in Annex 1

4. Governance

Shavington cum Gresty Parish Council Finance Regulation 2022/23
IA report 2021/22

5. Financial Impact

Positive

6. Resource Impact

Clerk time

7. Conclusions

Members are asked to consider the Financial Risk Assessment and to recommend it to Full Council for adoption

SHAVINGTON CUM GRESTY PARISH COUNCIL
FINANCIAL RISK ASSESSMENT
Approved Full Council 6 October 2021

Risk Area	Risk Identified	Mitigation	Notes
To provide and maintain standards for Parish Council services to the residents of Shavington-cum-Gresty	The risk of legislative change which will have an impact on the Parish Council's powers, duties and funding	Parish Clerk and staff keep apprised of developments	GDPR advisor appointed Sept 2021
	The protection of physical assets owned by the Parish Council including buildings and equipment (loss or damage)	All physical assets insured All assets checked regularly Management Systems being put in place	
	The risk of damage to third party property or individuals as a consequence of the Parish Council providing services (public liability)	Public liability Insurance renewed annually	
	Insufficient staff or other resources to deliver the service needs	Parish Clerk to formally monitor and review staff and work levels. Any concerns regarding this to then be brought to Council	
	Staff retention issues	Staff training where appropriate	
To maintain financial records that are correct and comply with all recommended accounting practice	Adverse audit reports, legal action and loss of confidence in Parish Council Loss of income through error or fraud	Clerk keeps up to date with legislative changes, discusses latest requirements with internal and external auditors Parish Clerk continually review controls and current procedures	
To ensure that all actions taken by the Parish Council comply with all current Legislation	Non-compliance with legislation or practice Council being 'Ultra Vires'	Parish Clerk to keep up to date with changes in legislation, seek advice from SLCC, ChALC, NALC and others as necessary	
Employment Contract	Compensation claims from employee for contractual employment defects (including statutory failure)	Contract of employment in place Matters relating to staff discussed in confidential session and discussed by personnel committee Parish Clerk to seek HR advice where appropriate Other policies in place	
Staff	Loss of services of employee	By distributing knowledge and roles ensure, so far as reasonably practical, that loss of any one employee does not cause unrecoverable damage to business	
	Loss of key staff trained in financial systems, process or rules	External Accountancy support in place	
Financial Control	Inappropriate expenditure made	Payments reported to Parish Council for review and corrective action if necessary Dual authorisation system introduced for all online payment	
	Financial Regulations become out of date with change in technology, regulation or business	Council to review financial regulations once a year The Clerk/RFO react to any changes in legislation or other areas in order to	

Risk Area	Risk Identified	Mitigation	Notes
		ensure the regulations are fully compliant and also provide a strong framework compatible with Council's practices	
	Lack of budgetary overview/overspend against budget	Monthly review of income and expenditure	
	Lack of finance to meet unbudgeted, urgent commitments (with safety or other critical implications)	Reserves equivalent to at least three months' spend available in accordance with ScG Parish Council Reserve Policy	
Financial Systems and Records	Loss of data	Scribe system retain all council cash books Hard copies linked to council reports are held on file together with bank reconciliation reports, invoices/receipts/payments and cheques issued Documents are retained for 12 years	
	VAT The Scribe system incorporates a VAT schedule which is an accepted package which allows differentiation between tax rates etc. which is itemised in a full report relating back to the original item within the accounts	VAT returns are lodged on a quarterly basis in line with accepted procedures	
	Payroll Beardmore Accountants provide payroll services and carry out payroll function	The Clerk authorises any overtime, mileage or special duty payments, on a monthly basis Backups are made to the server Payments can only be issued for the nominated employees, which must be authorised in advance of the payment Documents are retained for 12 years Annual pension and year end payroll returns are issued in a timely manner to the appropriate bodies that inspect the information and highlight any discrepancies	
Banking Arrangements and Procedures Banking Security/Access to Finances	Co-op Bank is used Accounts	One bank account used on a daily basis Reviewing how much is placed into a higher rate deposit account	
	Cheques	Each cheque from the main account must be signed by 3 Councillors and the Parish Clerk as detailed on the bank mandates (which are amended when required to ensure that sufficient signatories are available at all times)	
	Transfers	Monies may be transferred between the Councils accounts by the Clerk	
	Bank Reconciliation	All accounts are reconciled using the Scribe system every month Any discrepancies are immediately reported to the bank for investigation All petty cash accounts which do not have statements are reconciled on a monthly basis against the cash held and any discrepancies are immediately reported to the Clerk	

Risk Area	Risk Identified	Mitigation	Notes
	Access to the main bank accounts	Clerk, Community Manager and authorised signatures Councillors have access to the bank account. Only the Clerk is authorised to set up payments or move money	
	Cheques	All invoices are checked by the Clerk in advance of payment and if related to an order, this has passed through the ordering procedure.	
	Payments	All payments must be authorised by the RFO before any cheque is issued. The RFO is to sign the invoice/Purchase Order to confirm and record that the payments have been authorised. Three members are required to approve all payments as per section 5.2 of Finance Regulation.	
	Petty Cash – Cash Payments	All payments made in cash must be substantiated by an invoice etc. which has been authorised by the Clerk	No petty cash system in operation
	Hire Charges	Council agrees the charges, as set by Parish Council's ToRs The office must abide by these rates and any requests for preferential rates must be made by the hirer to Council for their approval All bookings must be paid for in advance	
	Cash collected from community events	All cash collected at events is collected by appointed staff and a receipt is always issued (e.g. markets income) At the office the cash is emptied and counted manually within one working day by at least two members of staff	
	Processing and banking	When the money is received it is balanced within the office against any receipts/invoices and any discrepancies are followed up When the monies have been balanced, it is input onto the Scribe system and all entry references are printed out and retained A unique pay in reference is applied to each batch of banking which is loaded onto the Scribe system which is then checked against the bank reconciliation This is a strict routine that ensures that any booked hire cannot proceed without receiving the payments and guarantees that all monies are accounted for	
Financial Administration	Records non-compliant or inadequate	Internal auditor reviews record keeping annually	

Risk Area	Risk Identified	Mitigation	Notes
		Advice taken from internal auditor, external auditor, accountant, SLCC and NALC on changes in regulation	
	Expenditure/income coded incorrectly	Parish Clerk checks nominal ledger every quarter Items are coded	
	Standing Orders Standing orders are reviewed and approved by Parish Council on an annual basis at the AGM	The Clerk reacts to any changes in legislation, requests from Parish Council or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council practices	
	Non-compliance with statutory deadlines for the completion/approval/submission of accounts and other financial returns	Programme of meetings to meet statutory deadlines	
	Invoice payment without authority	All payments reviewed Parish Clerk authorises three councillors approve the payment. Clerk set up payment on online banking, another authorised signature has to approve it	
	Incoming cash and cheque misappropriation	Individual receipts to be issued for all cash payments and for cheque payments on request	
	Theft of funds	Bank statements reconciled monthly, Fidelity Insurance in place against theft of funds by staff, Councillors and other persons	
	Incorrect entries by bank	Bank statements reconciled monthly	
Annual Budget and Precept Calculations	The annual budget and precept calculations	<p>The annual budget and precept calculations are initially calculated in October/November based upon the performance of the prior year and incorporating projected requirements which have been lodged by the office and council members</p> <p>The Parish Clerk also completes a mid-year review in October for the current year to calculate possible year end surpluses which may be incorporated within the future budget. The actual precept level is then calculated from the balance sheet assuming that the remainder of the current year's budget will be utilised in order to estimate the year end bank balance</p> <p>The new budgeted income, expenditure and reserves are then set against this balance in order to calculate a budget shortfall on which the future precept is based</p> <p>The new budget is discussed and fine-tuned through the September, October, November and December Council and Committee meetings after the up to date number of band D properties have been confirmed by CEC discuss and amend any highlighted budget levels in order to best achieve, an acceptable precept level</p> <p>Comprehensive minutes are recorded at each stage to substantiate the budget development</p>	

Risk Area	Risk Identified	Mitigation	Notes
		The final budget is approved in December and CEC is immediately advised of the precept	
Monitoring of Budgets	Comprehensive budgets	Comprehensive budgets are set for each Council meeting these are loaded onto Scirbe accounts system at the start of the new financial year	
	Monitoring	On-going daily expenditures have already been incorporated within the budget and the RFO monitors invoices, etc. against the budget schedule to confirm that they are within the limits All orders are checked against the accounts system to verify expenditure within the account code to date and the remaining budget Any over expenditure is highlighted and brought to the attention of the Clerk	
	Reporting	A full report of expenditures against budget is lodged with council at each Finance Committee meeting Any that do not meet the budget levels are highlighted by member if needed along with committed expenditure	
Insurable Risks	Public Liability	Insurance cover In addition, annual checks of play equipment	Limit of cover £10,000,000 Reviewed annually
	Employers Liability	Insurance cover	Limit cover £10,000,000 Reviewed annually
	Property	Cover for buildings and contents All risks cover for selected items	
	Personal Accident	Continue with existing cover (scale benefits)	Limit of cover £1,000,000
	Legal disputes	Cover for specified legal disputes	Limit of cover £100,000
Loss of Records	Loss of documentation	Deeds and other legal documents relating to real estate stored in the office	
Asset List	Purchased	An asset list is maintained by the Parish Council on OneDrive This is updated throughout the year from new assets which are in addition, a schedule of road furniture/bins/dog bins/bus shelters play area equipment etc., will be kept on a secondary list The asset list is circulated to staff on an annual basis to ensure that all items are correct	
Internal Audit	Internal Audit	The Internal Auditor is approved annually by Council at the AGM and might attend the office to complete the internal audit in May of each year	

Risk Area	Risk Identified	Mitigation	Notes
		<p>The report is presented to Council for acceptance</p>	
Annual Audit	Annual Audit	<p>The annual auditor is appointed and directs the format and structure of the audit in line with current legislation and requirements</p> <p>Audit costs and levels of requirement are determined by government legislation based upon the annual income or expenditure levels</p> <p>The Parish Clerk/RFO completes the year end accounts to audit trial level and prepares any additional reports required by the external auditor</p> <p>The Parish Clerk/RFO presents the completed Annual Return, Financial Statement and other documentation required to Council in line with the timescales provided by the external auditor</p> <p>Once these have been formally adopted and signed by Council, they are lodged with external auditors</p> <p>Any queries raised by the auditors are dealt with by the Parish Clerk in the first instance</p> <p>Final sign-off by the external auditor is presented to Council</p>	
ICT	IT Security, safety of information/risk of loss of data	<p>Microsoft Office 365 installed on all PCs Allows for cloud back up of information</p> <p>Allows for cloud storage of all council data – more secure than onsite storage.</p>	
Supplier fraud	Supplier fraud	<p>Training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information.</p> <p>Establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change</p> <p>Periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments.</p> <p>Checking address and financial health details with Companies House</p>	

Risk Area	Risk Identified	Mitigation	Notes
		Checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account	

Reviews will take place yearly unless clearly stated differently within each section.

DRAFT



SHAVINGTON
CUM
GRESTY

Report Statement

Meeting: Finance and Strategy Committee, 18.05.2022

Report Purpose: To provide a budget setting schedule for
2023/24 Council Budget

Version Control: v1

Author: Clerk

1. Report Summary

As an autonomous local council, Shavington-cum-Gresty Parish Council has the power to set budget and levy precept to fund services and provision of activities within its powers and duties. Budget Setting is a key process in ensuring financial security, service delivery clarity and transparency.

2. Background

The council must notify Cheshire East Council (CEC) as the collecting authority in January of its precept requirement for the forthcoming year. To achieve this, budget must be set and calculated in good time to ensure reporting is achieved to deadline.

It is essential that council has the opportunity to review the budget in context of current year projected spend, in relation to its ambitions and to reflect anticipated service delivery and developments.

3. Position

A rough first draft budget for 2023/24 will be circulated to members, committees and staff team (if presents) to provide initial feedback and considerations.

Every committee will be asked to review the budget as it relates to the delegated work they deliver and inform the budget setting for those aspects.

The Finance and Strategy Committee will maintain oversight of each revised version and the most up to date version will be shared at Parish Council in October.

Council will be held in December to consider and approve a budget for 2023/24, giving time for completing the precept return paperwork for CEC.



SHAVINGTON
CUM
GRESTY

The budget setting process will allow for multiple opportunities for members, committees and council to build consensus on the budget for the forthcoming year.

This will also facilitate an opportunity for members to build their in-depth knowledge of the spend plans for the council and confidence in the final approval of budget for 2023/24.

- a. 15.06.2022 draft budget reviewed by Community and Engagement Committee as it relates to that committee for onward recommendation
- b. 22.06.2022 draft budget reviewed by Staffing Committee as it relates to that committee for onward recommendation
- c. 06.07.2022 version 1 2023/24 draft budget (rough draft) circulated to members of the Parish Council to inform the revision of the draft
- d. 13.07.2022 Draft budget reviewed by Environment & Recreation Committee as it relates to that committee for onward recommendation
- e. 21.09.2022 Draft budget reviewed by the Finance & Strategy Committee as it relates to that committee for onward recommendation
- f. 05.10.2022 version 2 2023/24 draft budget (rough draft) circulated to members of the Parish Council to inform the revision of the draft
- g. 19.10.2021 Draft budget reviewed by the Village Hall Committee as it relates to that committee for onward recommendation
- h. 23.11.2021 the final DRAFT version of the 2023/24 budget will be considered by the Finance & Strategy Committee, for its final recommendation to Council
- i. 07.12.2022 Parish Council considers and approves a budget for 2023/24

4. Consideration Sought

It is the clear recommendation of the Clerk that council adopts a clear budget setting schedule that empowers and encourages members, committee and council to inform the future spend profile of the council.

The above schedule seeks to maintain a consistent presence of budget setting in the meeting calendar for the council and committees.

Members are asked to note the report and to recommend the budget setting to Full Council for approval.



NOTE – IF ODD No. OF PAGES, ADD ANOTHER PAGE AND CLEARLY MARK to facilitate collating of printed agenda packs–

BLANK
