Batheaston Parish Council – Council Meeting 18th July 2023
10. Errors identified in the Accounting Statements
Clerk's Report

Summary

A resident has highlighted errors in the Accounting Statements that were approved at the Council meeting in June. These are now corrected, and the Statements are presented again to Council. I have informed the External Auditor of the errors and will send to the corrected version to them. I will also publish the corrected document on our website. See below for details.

I have been notified by the External Auditor that they also require:

1. Explanations for the statements for which Council were not able to give positive assurance, as well as those control objectives that the Internal Auditor indicated were not met. I attach as an Appendix my proposed response.
2. A confirmation that I have no conflict of interest, by virtue of connection with the External Auditor, or otherwise. I can give this assurance, and present their form as Item 10.3 for approval.

Details

The Accounting Statements - Section 2 of the Annual Governance and Accountability Return (Form 3, page 5 of 6) presented to and approved by Council at its meeting of 20th June contained the following discrepancies with the report generated from the Finance System.

Line	Statement of Accounts Generated from the EDGE Finance System	AGAR Accounting Statements As presented
3. Total other receipts	£23,216	£24,178
6. All other payments	£45,356	£45,350
7. Balances carried forward	£32,573	£40,218

Following the guidance on the AGAR form Line 7 must equal lines (1+2+3) – (4+5+6), which was not the case in the submitted document.

I have verified that the figures in the EDGE system are correct, and that those in the AGAR Statement were in error. I am presenting the corrected document to Council for approval today.

Fixed Asset Values

Note that there is another difference: the values in Line 9. Total fixed assets are £373,160 and £415,587 respectively.

This is explained as the difference between the asset values in the EDGE system which have not been changed since they were first entered (in 2022), and the practice we have used for the assessing the value for the AGAR, which are based on the insurance valuations. The former have not been inflated, the latter have been, in line with insurance values.

The Internal Auditor has advised that the values should be based on realistic and current estimates. He has however agreed that we should use the insurance values in the absence of a robust basis for

changing the values. With Council support, I hope we will have this at some point in the next 12 months as the result of a thorough audit of our assets.

Commentary

The errors that appear are due to my error, which I believe come down to failure to reflect the changes in values from the system reports, as I corrected various coding errors to ensure that transactions were ascribed to the correct cost.

Underlying issues are:

- This was the first full year that we have used the finance system and have relied upon its output to create the reports, and there were mistakes made during the year which needed to be addressed in the production of the reports.
- As in previous years, I have been working to create the documents for the Audit and for the Council meeting up to the deadline. This was particularly the case this year as the period in the run-up to the Audit was very busy, with the Coronation Party, Annual Village Meeting and Annual Parish Council Meeting coming in quick succession in a period of multiple national holidays.

Richard Maccabee,
Parish Clerk and Responsible Finance Officer

Batheaston Parish Council

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Explanations for Weaknesses acknowledged in the Submission

Internal Audit: Control Objective C: " This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these".

> Internal Auditor Reason: "There is no risk register in place"

Internal Audit: Control Objective H: "Asset and investments registers were complete and accurate and properly maintained".

> Internal Auditor Reason: "The value of the assets has increased. This is mainly due to increased insurance value. Assets should be recorded at their original purchase costs or, if a nominal value, at £1."

Internal Audit: Control Objective L: "The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation"

> Internal Auditor Reason: "Previous AGAR information goes back to 2018/19. This does not meet the 5-year requirement hence Box L has a no tick."

Annual Governance Statement: Assurance No. 5

In response to this statement: "We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required", Council resolved that it could not give assurance that it had "considered and documented the financial and other risks that it faces and dealt with them properly"

Explanation:

- Although risks have been assessed and managed for specific events, and purposes, this has been undertaken on an ad hoc basis. Council has not yet developed and implemented a comprehensive and overarching policy for risk management.

Planned actions to address this failing:

- A Councillor will be nominated to work with the Clerk to review the Risk Management Policy and processes, and to undertake any outstanding risk assessments.

Cllr Hannah Squire
Chair of Batheaston Parish Council

Richard Maccabee
Parish Clerk and Responsible Finance Officer