

## Annual Internal Audit Report 2021/22

## SALEHURST &amp; ROBERTSBRIDGE PARISH COUNCIL

www.salehurst-pc.org.uk

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

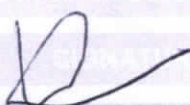
Date(s) internal audit undertaken

14/06/2022

Name of person who carried out the internal audit

Keith Robertson

Signature of person who carried out the internal audit



Date

14/06/2022

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Ans 24/6/22  
A



# Keith Robertson Internal Audit

## SALEHURST AND ROBERTSBRIDGE PARISH COUNCIL Internal Audit Report 2021-22

### Introduction

In accordance with the Internal Audit Plan, Controls and Procedures have been tested. The tests were to the standards and practices defined in the Governance and Accountability for Smaller Authorities 2021 and meet the needs of the Council. I confirm that I do not have any role within the Council and have carried out my duties without bias.

The audit was completed on 14<sup>th</sup> June 2022 and confirmed that the financial management and internal controls are in good order. No issues were found that require attention or noting on the annual return. The report below highlights the findings of the audit with reference to the Internal Control Objectives and Governance Statements in the Annual Return.

### Comments and actions from the 2020-21 Audit.

External Audit - No Items requiring attention.

Internal Audit - No Items requiring attention to meet the audit standard. Some items noted below:

Assets. A review of the Asset register would improve controls. There is little location information and no estimate of current value

Budgets. A statement of movements & closing balances for budgeted reserves would improve controls.

### Internal Audit Report 2020-21

#### **A. Appropriate Accounting Records.**

- A.1 The financial records are maintained in RBS. The financial ledgers are kept up to date. The data held for each transaction sampled was correct; the cash book and ledger is arithmetically correct and regularly balanced. VAT is properly accounted for.
- A.2 The Financial reports produced agree to the financial records and to the 2021-22 AGAR.
- A.3 Expenditure. All items in the sample of expenditure transactions were supported by documented approval with an audit trail through the financial records. VAT was properly accounted for.
- A.4 Bank reconciliations are prepared monthly and approved by Councillors.

#### **B. Financial Regulations, documentation and approvals.**

- B.1 The Standing Orders and Financial regulations were last approved in Jan 2020. These will be reviewed and re-adopted in July 2022 with no changes anticipated.
- B.2 Payments are checked in detail and signed as approved by one Councillor. The Clerk inputs items for payment to the banking system and two Cllrs approve on line, or same for cheques with two Cllrs as signatories.
- B.3 Agendas & Minutes are sent out in time are well presented. The minutes are signed by the chairman with payment approval recorded in the minutes.
- B.4 Noted that VAT claims for works on the cemetery were correctly made and that the claims were below the trigger level required for a partial VAT exception on VAT exempt supplies.
- B.5 VAT claims were submitted in a timely manner and the closing debtor agrees to the final VAT claim.

Aug 20/6/22  


## C. Risk Assessment

- C.1 The Risk Register was last reviewed and updated in July 2020 and will be reviewed again in July 2022 with any actions updated. No changes are anticipated.
- C.2 The insurance was renewed in on 1st June 2022. Cover is significantly in excess of the listed values of assets and so presents if any a low risk. Cover is adequate for liability and fidelity risk.

## D. Budgeting & Precept

- D.1 Budgetary Control – The budget for 2022-23 was prepared in support of the precept and approved by full Council on 17<sup>th</sup> Jan 2022.
- D.2 The budget process included references to prior year actual, and current Ytd income and spend but there was no numerical forecast of current year. The Clerk holds handwritten notes to refer to if the supporting reason for setting a budget on an account is needed.  
*Recommended: A defined numerical forecast of income, spend and reserves for the full year would improve controls and serve to confirm any expected variances from the current year budget.*  
*Recommended: For clarity, the supporting calculations for budgets should be available in in summary form within the budget documents for I&E (rather than in handwritten notes in a separate file).*
- D.3 Budget reserve movements and balances are documented in text form but not in a numerical data format. *Recommended: A statement of forecast and budget reserve movements & closing balances for all reserves would improve controls and confirm the budgeted reserves are adequate.*
- D.4 The Council intends to, but has not yet planned forward at summary level when budgeting. This makes an assessment of what reserve levels need to be difficult.  
*Recommend at summary level a forward look based on assumptions if a strategic plan is not available.*
- D.5 Quarterly reports of actual vs budget spend are reviewed in detail by the Finance working group. Its recommendations are presented to full Council meetings and the approval documented in the Full Council minutes. This includes reviews of actual vs budget spend, reserve levels, bank reconciliations and the approval of supplier and employee payments. These control checks are strong and effective.

## E. Receipts

- E.1 The precept recorded in the minutes agrees to the Council Tax authority's notification.
- E.2 Other income is banked as received.
- E.3 VAT refunds and correctly accounted for.
- E.4 The burials register is maintained and is up-to-date, as are interment and memorial records.

## F. Petty Cash – The Council does not use or hold petty cash.

## G. Employee Costs

- G.1 Staff Wages – There are four members of staff on the payroll. The Clerk confirmed all have contracts of employment. The payroll is managed by the Clerk via the HMRC on line systems.
- G.2 The process for authorising payments was reviewed in this audit and sample payroll transactions tested confirmed that documentation was correct, authorised and agreed to the financial records.
- G.3 Changes to payroll levels were agreed and recorded in the minutes in Nov 2021.



## **H. Assets**

- H.1 The asset register recorded a cost value of £302367 which agrees to the AGAR for 2021-22
- H.2 Changes year on year were clear with an increase of £3565 in the year being mostly a capital spend on Wooden bridges as evidenced in the transactions sample.
- H.3 The register will be approved next by Council in July 2022.
- H.4 The insurance schedule has cover significantly in excess of the costs values.
- H.5 *There is little location information and no estimate of current value or a link to insured values. The Clerk is aware and will update the register when workloads allow. This not a audit requirement*

## **I. Bank Reconciliations.**

- I.1 Bank Reconciliations are completed on a monthly basis. The reconciliations are presented to the Finance working group meetings for review quarterly. Reconciliations and statements are reviewed and noted in the FWG minutes. The full council receives these minutes for approval. A review of the reconciliations was evidenced in this audit.
- I.2 All of the bank reconciliations were correct as at 31-3-22

## **J. Accounting Statements.**

- J.1 The accounts are maintained on an Income and Expenditure basis and agree to the financial ledgers.
- J.2 There is an audit trail through the financial records with all items sampled being properly reported and approved.
- J.3 Reserves are reported in the financial statements and reviewed by the Council. There is a year-end Earmarked Reserves statement showing open balances, movements and close balances.
- J.4 Year-end reserves totalled £130.7K of which General reserves were £47.5K and earmarked reserves £83.2K all defined by projects.

**K. Exemption from limited assurance review.** The Council did not exempt in 2020-21.

**L. Transparency Code.** This does not apply to this Council.

**M. Notice of Public Rights.** The Council correctly posted this notice for 2020-21 in 2021-22

**N. Publication of 2020-21 AGAR documents.** The Council correctly published these documents for 2020-21 in 2021-22

**O. Council as a Trustee.** The Council is not a managing trustee.

It is noted that the figures have been produced by the Clerk in accordance with the requirements and all supporting documents have been produced for the Internal Auditor. The Clerk's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA  
Internal Auditor  
15<sup>th</sup> June 2022

*Amas  
20/6/22*