

Keith Robertson

Internal Audit

SALEHURST AND ROBERTSBRIDGE PARISH COUNCIL Internal Audit Report 2019-20

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 2019 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 29th June 2020 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 2018-19 Audit.

External Audit No Items requiring attention.

Internal Audit No Items requiring attention

Internal Audit Report 2019-20

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. Financial reports produced agree to the financial records.

B. Financial Regulations, documentation and approvals.

- B.1 The Standing Orders were readopted on 16th March 2020 and Financial Regulations 16 Jan 2020.
- B.2 Expenditure Approval. All items in the sample audit were supported by documented approval with an audit trail through the financial records. VAT was properly accounted for.
- B.3 Approval of payments is initially checked in detail and signed as approved by one Councillor and then finally approved in Council meetings. A list of approved payments is filed with the minutes and logged on the website.
- B.4 Agendas & Minutes are sent out in time are well presented. The minutes are signed by the chairman.

C. Risk Assessment

- C.1 A formal Financial Risk Register was created in 2019-20 and reviewed in draft form with a further review planned in July 2020. The General risk register was approved in June 2019 and has been updated by the Clerk in 2019-20 with a further review planned in July 2020.
- C.2 Internal Audit Effectiveness is reviewed by the Finance working group which also makes checks on bank recs and payments. This review was noted in its January 2020 minutes.
- C.3 Insurance – The Parish Council's Insurance in place is sufficient to cover its assets and financial risk.

D. Budgeting & Precept

- D.1 Budgetary Control – The budget 2020-21 was prepared in support of the precept with reference to prior year actual, forecast of current year and reserve levels appropriate for the Council's plans.
- D.2 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 payments are correctly accounted for.

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. 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.

H. Assets

Assets – The register for March 2020 shows the cost value of assets and agrees to the AGAR. There is little location information and no estimate of current value. This is sufficient to comply with the audit tests. Good practice is to have the location and current value of the assets listed, which then enables the Council to be assured that its insured values are adequate. The Council may wish to consider a refresh of the asset register. The insurance cover is significantly in excess of the listed values of assets and so presents if any a low risk.

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. All of the bank reconciliations were correct as at 31-3-20

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.
- J.3.1 Reserves are General (including a £10K contingency) £59K (62% of the precept).
- J.3.2 Earmarked £85K

K. Exemption from limited assurance review. The Council did not exempt in 2018-19.

L. Notice of Public Rights. The Council correctly posted this notice in 2019.

M. Council as a Trustee. The Council is not a 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
30th June 2020