

Keith Robertson Internal Audit

ICKLESHAM PARISH COUNCIL

Internal Audit Report 2019-2020

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 22nd 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.

2018-19 Audit comments requiring action.

There were no comments noted by the auditor PKF Littlejohn.

The Internal Audit noted improvements needed to the Asset register. The register was updated in 2019-20 with values now recorded for every asset. **Completed.**

Internal Audit Report 2019-20

A. Appropriate Accounting Records.

A.1 The financial records are maintained in the RBS accounts package. 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 and Financial Regulations were readopted in May 2019.
- B.2 Expenditure Approval. All items in the sample audit were supported by documented approval with an audit trail through the financial records.
- B.3 Agendas & Minutes were sent out in time and are well presented.
- B.4 The on line banking system requires an authorised user to log a payment and a second authorised signatory to approve the payment.

C. Risk Assessment

- C.1 Risk Assessments are carried out for risk areas within the Parish and these are reviewed and approved by Council. A risk register was produced that summarises all of the areas of risk faced by the Council and any actions required. This was reviewed and adopted by the Council.
- C.2 Internal Audit Effectiveness. The minutes confirm that a review of internal audit controls was completed in addition to the approval of the annual governance statement in the AGAR. The controls in place are adequate and include checks and approval of payments and bank reconciliations at Council meetings.
- C.3 Insurance – The Parish Council's Insurance in place is sufficient to cover its assets and financial risk but does need a refresh and reconciliation to the new asset values.

D. Budgeting & Precept

- D.1 Budgetary Control – Annual budgets are prepared in support of the precept; actual expenditure is compared with the budget and any significant variances are explained. The Clerk & RFO have introduced 3-year planning and are reviewing how reserve level budgeting and reporting can be improved.
- D.2 Monthly reports of actual vs budget spend are presented to the Council. Variances are shown and any key variances are explained in Council meetings. The Clerk describes these reports as R&P reports and will note for clarity that these are actual vs budget reports. Any spend that is not budgeted requires approval by resolution before the spend is authorised.

E. Receipts

- E.1 The precept recorded in the minutes agrees to the Council Tax authority's notification.
- E.2 There is no VAT on income. VAT refund receipts are correctly accounted for.

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

G. Employee Costs

- G.1 Staff Wages – The payroll is managed by a bureaux, Maiden Consulting. The process for reviewing changes to contracts of employment and payments was reviewed and is correct. No payments to were sampled in this audit.

H. Assets

- H.1 Assets – An Asset register is maintained that lists all physical assets with pictures of the assets in each location. The cost values were previously estimated in total and based on insured values. In 2019-20 the asset register was updated with values attributed to individual assets. The total of the new asset register agrees to the AGAR and required a small revaluation of the assets in 2018-19 and 2019-20 (no assets were purchased in 2019-20).
- H.2 The total value of assets insured is less than the new asset value recorded but not all assets will need to be insured. *The new asset values now need to be matched to the insured values.*

I. Bank Reconciliations.

- I.1 Bank Reconciliations are completed on a monthly basis. The reconciliations are presented to the Council at quarterly meetings for review. Reconciliations and statements are initialled by Councillors at the meeting when reviewed. *The Clerk will ensure that the minutes also record that the bank statements were approved.*

J. Accounting Statements.

- J.1 The accounts are maintained on a Receipts and Payments basis and agree to the cash book.
- J.2 All of the items chosen in the sample of payments from the ledger were supported by invoices authorised for payment and approved in the minutes. Most of the payments are by bank transfer..
- J.3 Reserves are adequate.

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
07th July 2020