

Annual Internal Audit Report 2020/21

SALEHURST & ROBERTSBRIDGE PARISH COUNCIL

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During the financial year ended 31 March 2021, 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 2020/21 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 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")			✓
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✓
M. The authority, during the previous year (2019-20) 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 2019/20 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

18/06/2021

DD/MM/YYYY

DD/MM/YYYY

Name of person who carried out the internal audit

Keith Robertson

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

19/06/2021

*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).

24/6/21

Keith Robertson

Internal Audit

SALEHURST AND ROBERTSBRIDGE PARISH COUNCIL Internal Audit Report 2020-21

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 18th June 2021 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 2019-20 Audit.

External Audit No Items requiring attention.

Internal Audit Noted a review of the Asset register would improve controls.

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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 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.2 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. 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.

C. Risk Assessment

- C.1 The Risk Register was reviewed and updated in July 2020.
- C.2 Internal Audit Effectiveness is reviewed by the Finance working group which also makes checks on bank recs and payments. These reviews are noted in the 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 for 2021-22 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. A statement of movements & closing balances budgeted for all reserves would improve controls.
- D.2 The Council intends to, but does not yet plan forward for 3 years at summary level.
- D.3 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

- H.1 The asset register for March 2021 shows the cost value of assets and agrees to the AGAR.
- H.2 As noted in 2019-20 there is little location information and no estimate of current value. The Clerk confirmed that a review of the register to include insured values and locations is planned but it was not possible to do that in 2020-21 due to workloads.
- H.3 The insurance cover is significantly in excess of the listed values of assets and so presents if any a low risk. A review of insurance cover is planned in 2021-22

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 31-3-21

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 £131.6K of which General (including a £10K contingency) £54.7K (57% of the precept) with Earmarked reserves at £76.9K

- K. Exemption from limited assurance review.** The Council did not exempt in 2019-20.
- L. Transparency Code < £25K.** This does not apply to this Council.
- M. Notice of Public Rights.** The Council correctly posted this notice for 2019-20.
- N. Publication of 2019-20 AGAR documents.** The Council correctly published these documents for 2019-20.
- 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
19th June 2021