

Keith Robertson Internal Audit Service

SEDLESCOMBE 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 26th 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.

Prior Year audit comments and actions

Internal Audit

- C. Risk** – It was recommended that a Risk Register consistent with the formats defined in the Governance and Accountability Guide is produced. **Completed.**
- D. Budgeting & Reporting.** It was recommended that the reports are amended to include income & reserve levels. **Completed.**
- H. Assets.** It is recommended that the Asset Register is renewed and updated in 2019-20. **Not completed – work in progress.**

External Audit

No items were reported requiring action, other than the need to restate 2017-18 to R&P basis which is not relevant to this audit.

Internal Audit Report 2019-20

A. Appropriate Accounting Records.

- A.1 The financial records were maintained in both Excel and RBS in parallel. RBS will be used for accounting from 1 April 2020. The ledger is 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 Standing Orders were reviewed in Feb 2019 the Financial regs were updated in March 2020 and also now enable on line banking which will commence in 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 Agendas & Minutes are sent out in time are well presented.

C. Risk Assessment

- C.1 Policies are being reviewed and updated with several policies updated in 2019-20 and others being reviewed on a rolling basis.
- C.2 Risk Assessments and reviews are completed for the Playground, Trees, and recreational areas these are recorded in the minutes or logged by the Clerk. The playground inspection is carried out by independent inspectors. These items are not shown on the risk register but they are addressed and managed.
- C.3 A new finance and admin Risk Register was produced in 2019-20 that addresses other risks. This was reviewed and approved by the Council and is consistent in format the Governance Guidelines.
- C.4 Insurance. – The insurance cover is adequate to cover assets as valued on the Annual return. It may need to be updated to cover the recently installed CCTV systems.

D. Budgeting & Precept

- D.1 Budgetary Control – Annual budgets are prepared in detail to support the precept. Prior year and forecast Income & expenditure is used to prepare with the budget.
- D.2 The Council has over £100K of reserves which will as some point to applied and payment for items funded by reserves will flow through the R&P. The budget when set for 2021-22 will include any planned spend from reserves and should also show the budgeted reserve movements and balances for the period.
- D.3 Monthly reports of Actual and budget spend are presented to the Council using an Excel report. The RBS reports will enable more detailed reporting in 2020-21 and I would encourage reserve levels to be reported at least quarterly.

E. Receipts

- E.1 Income is primarily from the annual Precept or Grants which are received by bank transfer. 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 payments and receipts are correctly accounted for.

F. Petty Cash – No Petty cash is held or transacted.

G. Employee Costs

- G.1 Payroll is managed by a bureau. The Clerk has a contract of employment. The process for approving payments was reviewed. No payroll records were sampled in this audit.

H. Assets

- H.1 Assets – A simple Asset list/register is maintained. The Asset register total value agrees to the Annual Return. The register does still need a review and the Clerk is aware and working on this. New assets purchased in 2019-20 have been added to the register. The format presents some but a low control risk. There is in total sufficient insurance cover for the asset values that require insurance. [It is recommended that the Asset Register is renewed and updated in 2020-21](#)

I. Bank Reconciliations.

- I.1 Bank Reconciliations are completed on a monthly basis. Bank reconciliations with statements are presented to council and the reconciliations reviewed each month in a finance pack which is noted in the minutes.

J. Accounting Statements.

- J.1 The accounts are maintained on an receipts and payments basis with reconciliations to the cash book.
- J.2 All of the items chosen in the sample of payments from the ledger were supported by invoices and VAT was correctly processed. All items were traced to the invoices authorised for payment, approval in the minutes and cheque stubs.
- J.3 Reserves – Total reserves are £103.8K of which £78.1K are earmarked and are identified by project including CiL funds. The value of general reserves is £ £25.7K.

K. Limited Assurance Review Exemption. The Council did not exempt itself in 2018-19.

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

M. Trustee. The Clerk confirmed that the Council does act and fulfil its duties as a Trustee of a playground and that no funds of the trust are contained in the Council's accounts.

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
27th June 2020