

Keith Robertson

Internal Audit Services

ASHBURNHAM AND PENHURST 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 16th June 2021 remotely using video links and confirmed that the financial management and internal controls are in good order. No significant 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.

Items reported in Audits from 2019-20

Internal Audit

Employee Costs. It was suggested in the IA reports for the past 2 years that Councilors check that the payments made agree to the HMRC system records and it is again recommended that this control is introduced in a form agreeable to the Council during 2020-21. **Not completed.**

External Audits. Review & consider reserve levels when setting the 2021-22 budget. **Completed.**

Internal Audit Report 2020-21

A. Appropriate Accounting Records.

A.1 The financial records are maintained in an XL cash book. The financial ledgers are kept up to date. The data held for each transaction is 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 reviewed in May 2020. The Financial Regulations were updated and adopted in March 2021

B.2 Purchase items sampled from the cash book were compliant with the financial regulations.

B.3 Expenditure Approval. The items sampled during the audit were supported by documented approval with an audit trail through the financial records. The processes in place were found to be correct with all expenditure authorised by the Council. VAT was properly accounted for.

B.4 Agendas & Minutes are sent out in time are well presented.

C. Risk Assessment

C.1 A formal Risk Register was produced and reviewed in 2020-21. The Village Hall project does present some risk and it any such risks should be included in the assessment. The Clerk will review this with the Council.

C.2 Internal Audit Effectiveness. The controls are reviewed at the Annual Meeting when the Governance statement is signed off.

C.3 Insurance – The Parish Council's Insurance in place is sufficient to cover its declared assets values and financial risk. The War Memorial is insured but not on the asset register as there is no records of its ownership.

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. Reserve levels are planned for and reported vs plan during the year.

D.2 Quarterly reports of actual vs budget spend are presented to the Council

D.3 I broad forward look when budgeting is recommended to assess the medium-term reserves needed.

E. Receipts

E.1 Income is primarily from the annual precept plus ground and hall hire fees most of 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 by sending cheques in the post to the bank.

E.3 There is no VAT on income. VAT refund receipts are correctly accounted for.

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

G. Employee Costs

G.1 Staff Wages – Payroll is managed by the clerk using the HMRC on line system. The Clerk has a contract of employment. Payroll and HMRC records sampled agreed with the financial ledgers and were correctly accounted for.

G.2 There is an audit trail and approval of payments that confirm that the payroll data in the HMRC system agrees to the financial records. These documents are not however regularly filed or available for review by Councilors. There is no suggestion or evidence that there is any problem with payroll but the controls are not good without a review by a person other than the Clerk/RFO who generates and inputs all of the data. [It is again recommended that this control is introduced in a form agreeable to the Council during 2021-22 to ensure the payroll data is agreed to the cashbooks and Councilors do review and authorise the payroll payments.](#)

H. Assets

H.1 Assets – An Asset register is maintained. The register was last approved in May 2021. Insurance cover is sufficient for the asset values.

I. Bank Reconciliations.

I.1 Bank Reconciliations are completed on a monthly basis. The reconciliations are presented to the Council at the bi-monthly meetings for review. Reconciliations and statements are minuted as being reviewed by Councilors. Bank reconciliations as at 31-3-21 were correct.

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 and approved in the minutes.

J.3 Payments are almost all on line and are authorised by members logging into the bank systems to approve payments.

J.4 VAT was correctly processed.

J.5 Reserves – Total reserves are £19K of which earmarked reserves are £10K and General £9K

- K. Limited Assurance Review Exemption.**
The Council did not exempt itself in 2019-20
- L. TP code turnover <£25K** – This does not apply to this Council
- M. Exercise of Public Rights 2019-20**
This publication of the notice was correctly made and is shown on the Councils website.
- N. Publication of AGAR documents 2019-20**
These documents were correctly published
- O. Trust Funds.** The Council has confirmed that does not manage any trusts.

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
16th June 2021