

Keith Robertson
The Lupins, The Green
Catsfield
East Sussex
TN33 9DJ
Tel 01424 893231
Email keith.a.robertson@aol.com

BUXTED PARISH COUNCIL

Internal Audit Report 2017-2018

Introduction

In accordance with the Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed. The tests were to the standards and practices defined in the Governance and Accountability for Smaller Authorities 2017 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 24th April 2018 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.

Prior Year audit comments and actions

There were no comments or actions arising from the 2016-17 internal or external audits.

Internal Audit Report 2017-18

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 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 and Financial Regulations were last readopted in 2015 and will be presented again for review in May 2018.
- 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 A formal Risk Register is produced and was reviewed by the Council in May 2017.
- C.2 Internal Audit Effectiveness. The Council has a policy that confirms and details the internal audit controls it considers necessary. 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. The cover will be renewed in June 2018

D. Budgeting & Precept

- D.1 Budgetary Control – Annual budgets are prepared in support of the precept.
- D.2 Actual expenditure is compared with the budget on 3 occasions per year with a narrative provided by the Clerk and any significant variances explained. It would be beneficial to also publish the financial data with the narrative when budgeting and for comparisons to actual spend during the year.

E. Receipts

- E.1 Income is primarily from the annual precept. The precept recorded in the minutes agrees to the Council Tax authority's notification.
- E.2 Other income is almost all non cash and is banked as received.
- E.3 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 – Payroll is managed by bureaux. The Clerk has a contract of employment. Payroll and HMRC records agree with the financial ledgers and are correctly accounted for in the sample of transactions tested.

H. Assets

- H.1 Assets – An Asset register is maintained using cost values. The register was updated in May 2017 with no purchase or disposal of assets in 2017-18. The insurance cover is sufficient to cover asset values.

I. Bank Reconciliations.

- I.1 Bank Reconciliations are completed on a monthly basis. The reconciliations are presented to the Council at the monthly meetings for review. Reconciliations and statements are initialled by Councillors who are not on the bank mandate when reviewed.

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, approved in the minutes, cheque stubs were initialled and VAT was correctly processed. The audit trail via the minutes could be improved by including a schedule of the approved payments in the minutes.
- J.3 Reserves – Earmarked reserves of £825K are identified by project plus £113K of Section 106 funds. The value of general reserves at £103K is around 110% of the precept.

It is noted that the figures have been produced by the Clerk and RFO in accordance with the requirements and all supporting documents have been produced for the Internal Auditor. The Clerk & RFO's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA
Internal Auditor
27th April 2018