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BRIGHTLING 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 03rd May 2018 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.

Items reported in Audits from 2016-17

Internal Audit – No comments or items for action

External Audit – required answer No to Governance statement 4 in 2017-18

Internal Audit Report 2017-18

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 and it is noted that the prior year assets need to be restated to agree to cost values.

B. Financial Regulations, documentation and approvals.

B.1 The Standing Orders reviewed in Nov2017 and will be presented again for review in May 2018. The Financial Regulations were updated in July 2016 and will be presented again for adoption in May 2018

B.2 No items requiring quotes or tender per the financial regulations were found in the cash book.

B.3 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.4 Agendas & Minutes are sent out in time are well presented.

C. Risk Assessment

C.1 A formal Risk Register was not produced in 2017-18. [It is recommended that the risks facing the Council are logged in a risk register along with any mitigating actions and supporting Risk assessments.](#)

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.

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
- D.2 Quarterly reports of actual vs budget spend are presented to the Council. The Q4 year end reports prepared in April 2018 will be presented to the Council for review in May 2018 along with the annual return. May is the first meeting after year end because the Council meets once every two months.

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 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 agree with the financial ledgers and are correctly accounted for. Payroll controls would be stronger of copies for Employee and HMRC payments were presented for approval at Council meetings.

H. Assets

- H.1 Assets – An Asset register is maintained using mostly cost values where known. The register was last approved in May 2017 and will be presented for approval again in May 2018. There is sufficient insurance to cover the assets.

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 Councillors.

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, payments are almost all on line and are authorised by members logging into the bank systems to approve payments. VAT was correctly processed.
- J.3 Reserves – There are no earmarked reserves. The value of general reserves at £2.7K is low at 29% of the precept. The Council has again increased the precept for 2018-19 and expects the reserve to be £4.7K by the end of 2018-19.

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
09th May 2018