

BRIGHTLING PARISH COUNCIL

Internal Audit Report 2018-2019

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 2018 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 01st May 2019 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.

A new Clerk & RFO was appointed in April 2019 and was present at the audit.

Items reported in Audits from 2017-18

Internal Audit

- A.1 **Risk Assessment** - A formal Risk Register was not produced in 2017-18. It was recommended that the risks facing the Council are logged in a risk register along with any mitigating actions and supporting Risk assessments. **Not Completed**

External Audit – The Council Exempted from limited assurance audit in 2017-18

Internal Audit Report 2018-19

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 and Financial Regulations were reviewed in May 2018 and will be presented again for review in May 2019.
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 2018-19. [It was recommended in the 2017-18 audit that the risks facing the Council are logged in a risk register along with any mitigating actions and supporting Risk assessments. This is again recommended for 2018-19.](#)
C.2 Internal Audit Effectiveness. The controls are reviewed at the Annual Meeting when the Governance statement is signed off. [The Council should consider if they can assert Yes to item 5 on the Governance Statement](#)
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.

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. No payroll transactions were tested in the sample for this audit.

H. Assets

- H.1 Assets – An Asset register is maintained. The register was last approved in May 2018 and will be presented for approval again in May 2019. Asset Value agree to the accounts and 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 – Total reserves are £4390, being approx 61% of the precept. The distribution of general and earmarked reserves will be reviewed in May 2019

K. Limited Assurance Review Exemption.

The Council did correctly exempt itself in 2017-18 and will be exempt in 2018-19.

L. Exercise of Public Rights.

This item is not within the scope of the internal audit.

M. 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
2nd May 2019