

# Keith Robertson

## Internal Audit Services

### BRIGHTLING 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 15<sup>th</sup> 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.

#### Items reported in Audits from 2018-19

##### **Internal Audit**

- A.1 **Risk Assessment** - A formal Risk Register was not produced in 2018-19. It was recommended that the risks facing the Council are logged in a risk register along with any mitigating actions and supporting Risk assessments. **Completed**

**External Audit** – The Council Exempted from a limited assurance audit in 2018-19

#### Internal Audit Report 2019-20

##### **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 revised in Nov 2019 and re-adopted in Mar 20. The Financial Regulations were amended 30 Apr 20 adopted 20May20
- 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.
- B.4 Grants given are approved by the Council and tend to have the same payees year on year. The Council may wish to consider a formal grant application and approval process to confirm all relevant considerations for the use of public funds were formally addressed.

##### **C. Risk Assessment**

- C.1 A formal Risk Register was produced in 2019-20 and reviewed by Councillors.
- C.2 Internal Audit Effectiveness. The controls are reviewed at the Annual Meeting when the Governance statement is signed off. The Council considered the remarks from prior year audits and took action to resolve issues raised.
- 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. General reserve levels as at 31-3-20 represented 28% of the precept. The budget process did informally assess reserves needed in 2020-21 and the Clerk advised that the 2021-22 budget will document this review.
- D.2 Quarterly reports of actual vs budget spend are presented to the Council. Actual expenditure is compared with the budget and any significant variances are explained.

## **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 RTI system. The Clerk has a contract of employment. Contractual changes and payroll payments are seen and approved by Councillors when authorising on line payments. Payroll transactions tested in the sample for this audit were correct.

## **H. Assets**

- H.1 Assets – An Asset register is maintained and is upto date. 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 £4120, being £2029 for earmarked projects and £2090 for general reserves representing 28% of the precept.

## **K. Limited Assurance Review Exemption.**

The Council did correctly exempt itself in 2018-19 and will again exempt in 2019-20.

## **L. Exercise of Public Rights.**

This Council correctly published the notice of public rights and the AGAR documents following the 2018-19 year and was compliant with publications required by the Transparency Code..

**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  
17<sup>th</sup> June 2020