

BUXTED 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 08<sup>th</sup> May 2019 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 2017-18 internal or external audits.

**Internal Audit Report 2018-19**

**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 readopted in May 2018 and will be presented again for review in May 2019.
- 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 was updated and reviewed in in January 2019.
- C.2 Internal Audit Effectiveness. The Council has a policy that is 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.

**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 each month with a summary of R&P vs budget from the RBS system presented to Councilors at meetings. A narrative is provided by the Clerk and any significant variances explained. Some analysis of reserve balances is reported and the Clerk/RFO are considering changes to report all reserves.

**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. Receipts for 2018-19
- 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 & RFO have contract of employment and have defined pensions. The payroll controls are good. No Payroll records were samples in this audit.

**H. Assets**

- H.1 Assets – An Asset register is maintained using cost values. The register was updated in May 2018 and will be presented again for approval in May 2019. 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 minutes detail the payments to be approved and refer to a schedule filed with the minutes.
- J.3 Reserves total £309.6K Earmarked reserves of £82K are reported in the ledgers plus £94.4K identified by the RFO as Section 106 funds but not detailed as such reserves in the ledger. General reserves being the balance of £133.2K and representing 133% of the precept. The Clerk and RFO are considering a new format that will report all reserves by category in the ledger and will review this and the earmarked balanced needed with the Council in 2019.

**K. Limited Assurance Review Exemption.**

The Council did not exempt itself in 2017-18.

**L. Exercise of Public Rights.**

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

**M. Trust Funds.** The Council has confirmed that it acts as the sole trustee for trust funds and has met its responsibility as a trustee. The scope of this audit does not include these trusts.

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  
09th May 2019