

CHIDDINGLY 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 Quotes for spend were requested as required by the Financial Regs
- 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 is produced and was reviewed by the Council in May 2018.
- 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.

**D. Budgeting & Precept**

- D.1 Budgetary Control – Annual budgets are prepared in support of the precept.
- D.2 Actual R&P are compared in detail with the budget on 2 occasions per year with a narrative provided by the Clerk and any significant variances explained. A monthly summary report produced from the RBS system is provided to Councillors.

**E. Receipts**

- E.1 Income is primarily from the annual precept plus £18K CIL Funds in 2018-19. The precept recorded in the minutes agrees to the Council Tax authority's notification.
- E.2 Other income 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 controls are good. No payroll transactions were sampled in this audit.

**H. Assets**

- H.1 Assets – An Asset register is maintained using cost values. The register was updated in 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.
- J.3 Reserves total £87.9K. Earmarked reserves of £39.9K are identified by project, plus 17.8K of CIL reserves held in a separate bank account but not held in a reserve account in the ledger. The balance being £30.2K of general reserves representing 79% of the precept. The Clerk is 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 does not act as a trustee.

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