

Keith Robertson  
The Lupins, The Green  
Catsfield  
East Sussex  
TN33 9DJ  
Tel 01424 893231  
Email keith.a.robertson@aol.com

CATSFIELD 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 19<sup>th</sup> April 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 requiring attention from Audit Reports 2016-17**

There were no internal or external audit actions noted in the 2016-17 audits.

**Internal Audit Report 2017-18**

**A. Appropriate Accounting Records.**

A.1 The financial records were maintained in Sage. 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 last updated in Feb 2017 and will reviewed again in 2018. Financial Regulations were last adopted in Oct 2013 and will reviewed again in 2018.
- B.2 Quotes for Items of de minimis amount were evidenced as obtained per the financial regulations.
- 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 and Risk Assessment is held and will be reviewed again by the Council in May 2018.
- C.2 Internal Audit Effectiveness. A process to review the controls is in place with the next update in May 2018. 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 confirmed by the clerk to be sufficient to cover its assets and financial risk. The cover will be renewed in June 2018
- C.4 The Clerk is aware of the GDPR for which work is in progress.

**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 Monthly 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 Other income is banked as received.
- E.3 There is no VAT on income. VAT refund receipts are correctly accounted for.

**F. Petty Cash** – A petty cash system is maintained. All payments and VAT are processed through the ledgers and properly reported. Cash balances are checked.

**G. Employee Costs**

- G.1 Staff Wages – Payroll is managed by the Clerk via the HMRC systems on line and the on Line Sage accounts link. The Clerk has a contract of employment. Payroll and HMRC records agree with the financial ledgers.

**H. Assets**

- H.1 Assets – An Asset register is maintained using cost values that are historically estimated and from past insured values. Cost values are shown but there are no insured values shown. The clerk confirmed that the insurance cover is sufficient to cover asset values but the insurance documents were not available for audit.

**I. Bank Reconciliations.**

- I.1 Bank Reconciliations are completed on a monthly basis using telephone banking to obtain bank statement balances. Paper statements are received from the bank on a quarterly basis. Bank reconciliations with these statements when received are presented to council as above. The minutes do not confirm that the bank recs have been agreed and it is recommended that the review is minuted.

**J. Accounting Statements.**

- J.1 The accounts are maintained on an income and expenditure basis with reconciliations to the cash book and debtor / creditor movement.
- J.2 All of the items chosen in the sample of payments from the ledger were supported by invoices and VAT was correctly processed. All items were traced to the invoices authorised for payment, approval in the minutes, cheque stubs and statements.
- J.3 Debtors and Creditors are properly reported.
- J.4 Reserves – Earmarked reserves of £10K are identified by project. The value of general reserves at £32K is 1.45 times the precept.
- J.5 The income levels in 2017-18 are below £25K and so the Transparency Code regulations apply. The Clerk is aware of these regulations and has will update the web site and content for compliance.

It is noted that the figures have been produced by the RFO and Clerk in accordance with the requirements and all supporting documents have been produced for the Internal Auditor. The RFO & Clerk's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA  
Internal Auditor  
24th April 2018