

# Keith Robertson

## Internal Audit Services

### WARBLETON PARISH COUNCIL

#### Internal Audit Report 2021-22

##### 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 2021 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 27<sup>th</sup> April 2022 at the home of the Clerk/RFO with the Clerk/RFO, Council Chairman, Chairman and deputy Chairman of the Finance & GP Committee.

The audit confirmed that the financial management and internal controls applied in 201-22 were good. There are no issues that require noting on the IA for 2021-22. All of the applicable IA controls objectives have been met for reporting on the AGAR 2021-22. Items noted in my report from 2021-22 have been addressed and resolved.

The report below highlights the findings of the audit with reference to the Internal Control Objectives and Governance Statements in the Annual Return.

##### Update on Items reported in the Audit 2020-21

**External Audit** – The Council exempted from an External Review in 2020-21.

##### **Internal Audit –**

- **Appropriate Accounting Records;** It was recommended that all transactions in the cash book are are dated. **Completed.**
- **Budgeting & Precept.** It was recommended that a new format for reporting reserves is considered to show open balance, movements and close balances for all reserves when budgeting and reporting actual spend. Work in progress with versions being tested in late 2020-21. **Part Completed.**
- It was recommended that a total budget monitoring report is produced to ensure that totals reported agree the accounting records. Partial reporting can present a risk of mis- reporting. **Completed.** The new reports detail income and spend excluding VAT. Checks are made by the Chair of the Finance & GP Committee to ensure these reconcile to total cash flow (incl VAT) and that the content is correct. **Completed.**

##### Internal Audit Report 2021-22

###### **A. Appropriate Accounting Records.**

- A.1 The cash book is held in Excel and is kept up to date. The data held for each transaction is correct; the cash book is arithmetically correct and regularly balanced. Vat is properly accounted for.
- A.2 Financial year end reports produced agree to the financial records and the AGAR.

###### **B. Financial Regulations, documentation and approvals.**

- B.1 Standing orders and financial regulations were re-adopted in May 2021 with some temporary amends during the year (now expired) to deal with Covid restricted meetings. 2021. These will be updated again in May 2022. These are based on NALC standards and meet the need of the Council.
- B.2 Expenditure Approval. All of the items chosen in the sample of payments from the cash book were supported by invoices/supporting documentation and VAT was correctly accounted for.

- B.3 Invoices for payment are processed by the Clerk, presented to Cllrs at meetings for approval. When approved, on line payments are entered by the clerk and approved by Cllrs. Supporting documents are initialled by Cllrs.
- B.4 Expenditure authorisation is minuted and refers to payments listed.
- B.5 Agendas & Minutes are sent out in time are well presented.
- B.6 VAT is correctly accounted for and are up to date.
- B.7 Bank reconciliations were carried out monthly and approved in the minutes.

**C. Risk**

- C.1 A formal risk register is held and is adequate for the needs of the Council.
- C.2 Internal Audit Effectiveness. The F&GP committee regularly review controls
- C.3 Insurance – The Parish Council’s Insurance cover is more than adequate for the asset values listed in the register. The asset values have been reviewed and the policy will be reviewed in line with the new assets listed in 2021.
- C.4 Data is now safely backed up with recovery procedures in place.

**D. Budgeting & Precept**

- D.1 Budgetary Control – An annual budget is prepared in support of the precept, which considers prior year actual, actual to date and forecast R&P. Reserves are considered when setting budgets. The budget review process is robust and well managed via the F&GP. Budgets and the precept were properly approved by the Council.
- D.2 The precept for 2022-23 provides for adequate reserves. The Council is considering a 3-year outlook for the 2023-24 year.
- D.3 Reporting. Actual expenditure is reported and is compared to the budget by quarter. Any significant variances are explained. The reports are reviewed in detail by the chair of the finance committee to confirm accuracy and that the reports reconcile to the cash book. It is noted that the reports are fully understood. A simple grid of total R&P and total reserve movements/balances may also help to complete this financial report and make it more transparent to persons not well used to finance.

**E. Receipts.** Receipts are primarily from the precept with adequate controls in place.

**F. Petty Cash** – No petty cash is held.

**G. Employee Costs**

- G.1 Staff Wages – Sample checks on salary payments confirmed that these were properly accounted for and approved by the Council. Payroll data reconciled to the cash book and to the AGAR.

**H. Assets**

- H.1 An Asset register has been created to list all assets and apply values where possible. The total of assets reported agrees to the AGAR.

**I. Bank Reconciliations.**

- I.1 Bank Reconciliations are completed monthly and reviewed by the Council. Bank reconciliations as 31-3-22 were reviewed in this audit and confirmed as correct.

**J. Accounting Statements.**

- J.1 The accounts are maintained on a receipts and payments basis using a Excel spreadsheet and agree to the financial reports and the Annual Return.
- J.2 There is an audit trail through the financial records with all items sampled being properly reported and approved.

J.3 Reserve's total £45.7K. Earmarked reserves were £30K including CiL of £27K. General reserves of £15.7K are considered adequate by the Council.

**K. Limited Assurance Review Exemption.**

The Council did correctly exempt itself in 2020-21

**L. Transparency code Councils not exceeding £25000.** The Council did exempt in 2020-21 and did publish the required TP data in 2021-22

**M. Notice of Public Rights 2020-21.** The Council correctly posted this notice on its website in 2021-22

**N. Publication requirements 2020-21 AGAR.** The Council correctly published the required documents for 2020-21 in 2021-22.

**O. Trustees.** The Council is not a trustee.

Keith Robertson FCMA  
Internal Auditor

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