

# Keith Robertson

## Internal Audit Services

### WARBLETON PARISH COUNCIL

#### Internal Audit Report 2022-23

##### 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 2022 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 21<sup>st</sup> April 2023 at the home of the Clerk/RFO with the Clerk/RFO and Council Chairman..

The audit confirmed that the financial management and internal controls applied in 2022-23 were good. There are no major issues that require noting on the IA for 2022-23 but I have noted that some areas of reporting and budgeting need improvement.

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 2021-22

**External Audit** – No issues reported by the external review.

##### Internal Audit Report 2022-23

###### **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 July 2022
- 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 and 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.
- C.4 Data is now safely backed up using Microsoft Cloud 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. 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 **Reserves are considered when setting budgets but reconciling the closing reserves to opening balances +/- movements required some work during the audit. It is recommended that a grid of reserve balances and reserves is produced that agrees to the cash book and to closing Banks and Reserve balances. This applies to both the budgeting for reserves and the reporting of actual reserves.**

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, **however the audit sample of reports tested found that the reports published did not agree to the cash book. It is recommended that further controls are applied to check that the reports to agree to the cash book.**

**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. 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 31-3-23 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 (with some reconciliation) and the Annual Return.

J.2 **VAT income was incorrectly included in the financial reports vs budget, No VAT was included on payments. It is recommended that VAT is shown as a reconciling item.**

J.3 There is an audit trail through the financial records with all items sampled being properly reported and approved.

J.4 Reserve's total £23.7K. Earmarked reserves were £14.5K including CiL of £10K. General reserves of £9.1K are considered adequate by the Council. (noted that VAT due of £4.9K is not included in general reserves because the Council reports on a R&P basis)

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

The Council did not exempt itself in 2021-22 and cannot exempt in 2022-23

**L. Transparency code Councils not exceeding £25000.** The Council did not exempt in 2021-22 and did comply with publication requirements in 2022-23

**M. Notice of Public Rights 2021-22.** The Council correctly posted this notice on its website in 2022-23

- N. Publication requirements 2021-22 AGAR.** The Council correctly published the required documents for 2021-22 in 2022-23
- O. Trustees.** The Council is not a trustee.

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Internal Auditor

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