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Internal Audit Service
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SEDDLESCOMBE 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 06th June 2019 and confirmed that the financial management and internal controls are in adequate 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.

It is noted that the Clerk/RFO was appointed in October 2018. The prior Clerk/RFO left in July 2018. The new clerk moved the accounts systems from Sage to Excel and is systematically reviewing policies and controls.

Prior Year audit comments and actions

Internal Audit

- C. Risk – Insurance of Pavilion. Resolved.**
- I. Bank Reconciliations. Statement not available for audit. Resolved.**

External Audit – No items were reported requiring action.

Internal Audit Report 2018-19

A. Appropriate Accounting Records.

- A.1 The financial records are maintained in Excel. The ledger is kept up to date. The data held for each transaction sampled was 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 Standing Orders and Financial regs were reviewed in 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 Policies are being reviewed and updated.
- C.2 Risk Assessments and reviews are completed for the Playground, Trees, and Finance. The new clerk intends to complete a risk register during 2019. There is however at present no overall risk register, which was also noted in 2017-18. [It is recommended that a Risk Register consistent with the formats defined in the Governance and Accountability Guide is produced.](#)
- C.3 Insurance. – The insurance cover was renewed in 2018-19. The items noted on the insurance schedule are not clearly matched to the items on the asset register but cover is adequate with the significant asset being the Pavilion, which does have sufficient cover and is noted in the insurance cover.

D. Budgeting & Precept

- D.1 Budgetary Control – Annual budgets are prepared in detail to support the precept. Prior year and forecast Income & expenditure used to prepare with the budget and any significant variances are explained.
- D.2 Monthly reports of Actual and budget spend are presented to the Council. [It is recommended that the reports are amended to include income & reserve levels.](#)

E. Receipts

- E.1 Income is primarily from the annual Precept or Grants which are received by bank transfer. The precept recorded in the minutes agrees to the Council Tax authority's notification.
- E.2 Other income is banked as received.
- E.3 VAT refunds receipts are correctly accounted for.

F. Petty Cash – No Petty cash is held or transacted.

G. Employee Costs

- G.1 Payroll is managed by a bureau. The Clerk has a contract of employment. Payroll records and payments sampled were properly authorised and accounted for.

H. Assets

- H.1 Assets – A simple Asset list/register is maintained. The Asset register total value agrees to the Annual Return. The register needs review and has not been updated in 2017. The only asset of significant value is the Pavilion which is listed in the register. The Asset register does need to be updated to confirm current tangible assets, their insurable values and locations for items other than the Pavilion but the relatively low values of these assets does not present a significant risk. There is in total sufficient insurance cover for the asset values that require insurance. [It is recommended that the Asset Register is renewed and updated in 2019-20](#)

I. Bank Reconciliations.

- I.1 Bank Reconciliations are completed on a monthly basis. Bank reconciliations with these statements are presented to council and the reconciliations are signed as reviewed each month.

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 and cheque stubs.
- J.3 Debtors and Creditors are properly reported.
- J.4 Reserves – Total reserves are £103K of which £66K are earmarked and are identified by project including CiL funds. The value of general reserves is £38K which is adequate.

K. Limited Assurance Review Exemption. The Council did not exempt itself in 2017-18 and so this item is not covered by the scope of the internal audit.

L. Exercise of Public Rights. This item is not within the scope of the internal audit.

M. The Clerk confirmed that the Council does act and fulfil its duties as Trustee. The trust has separate bank accounts and email addresses and no trust values are incorporated with the Parish Councils Accounts. The scope of this audit does not include a review of the Trust's controls or finances.

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
12th June 2019