

# Keith Robertson Internal Audit Services

## BREDE 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 27<sup>th</sup> April 2023 at the Clerk's office. The audit confirmed that the financial management and internal controls are good with no issues that require noting on the annual return.

#### Update on items noted in the 2021-22 audit

##### **Internal Audit**

- D.** Budgets & Reporting
- A grid format of reserve movements and balances would further improve the clarity of reserve planning. Completed.

**External Audit** – No comments by auditor.

#### Internal Audit Review 2022-23

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

- A.1** The cash book is held in Excel. 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.
- A.2** Expenditure Approval. All of the items chosen in the sample of payments from the cash book were supported by invoices and VAT was correctly accounted for. The invoices were initialled to confirm seen by Cllrs. Expenditure authorisation is minuted and refers to payments detailed in the minutes.

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

- B.1** The Standing Orders and the Financial Regulations were updated in 2022. Sample checks confirm the FR and SO are properly applied.
- B.2** Agendas & Minutes are sent out in time are well presented.
- B.3** VAT reclaims were correct as sampled in the audit.

##### **C. Risk Assessment**

- C.1** A formal risk register is held. The register was updated and improved at the Annual Meeting.
- C.2** Internal Audit Effectiveness. Controls are good and properly applied.
- C.3** Insurance – The Parish Council's Insurance cover is in total adequate to cover asset values listed in the asset register.

**D. Budgeting & Precept**

- D.1** Budgetary Control – The annual budget prepared in support of the precept for 2023-24 was adequate and meets the audit standards. A grid format of reserve movements and balances is produced. It is noted that amounts deposited in one bank account with a small balance were excluded when reconciling reserves which slightly understated the general reserve. All bank accounts must be included and agreed to the total of all reserves reported. Forward looking (2 Yrs) planning remains under review.
- D.2** Reporting. Actual expenditure is reported and is compared to the budget with actual data agreeing to the accounts. Monthly data is also reported. It is recommended that YTD totals are also reported to ensure YTD R&P movements can be clearly reconciled to YTD bank and reserve balances.
- D.3** Income – The precept recorded in the minutes agrees to the Council Tax authority's notification.

**E. Receipts**

- E.1** Income is primarily from the Precept, Grants and CIL and is received by bank transfer.

**F. Petty Cash** – There is no petty cash system operated with no petty cash held.

**G. Employee Costs**

- G.1** Staff Wages – The Clerk prepares the payroll. The Clerk is the only employee.
- G.2** The Clerk has a signed contract of employment with any changes to terms agreed by the Council, which was checked and confirmed in this audit.
- G.3** Salary and NHI/Tax payments are presented to Councilors along with a list of payments for approval at Council meetings with the relevant printed documents from the payroll system. Samples for payments reviewed in this audit were correct.

**H. Assets**

- H.1** An Asset register is maintained. The cost values logged in the register agrees with the AGAR 2022-23.
- H.2** Asset values stated on the register broadly agree to the policy schedules and are adequate.
- H.3** Noted that Village Hall is listed as an asset (custodian trustee) but is insured by the Village Hall management. Insurance cover is adequate.

**I. Bank Reconciliations.**

- I.1** Bank Reconciliations are completed on a monthly basis and samples audited were correct. Statements are presented to the Cllr signing the bank rec who also initials the statement as seen. The minutes records approval. The Bank statements as at year end were checked and were correct.

**J. Accounting Statements.**

- J.1** The accounts are maintained on a receipts and payments basis 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** Reserves total £106.6K. Earmarked reserves are £89.8K including £37.5K of CIL with other EMR identified projects being the balance. General reserves being £16.7K which is appropriate for the Council.

**K. Limited Assurance Review Exemption.** The Council did not exempt itself in 2021-22

**L. Transparency Code.** The Council complied with the regulations

- M. Exercise of Public Rights.** The Notice of Public rights was correctly published on the Council's website for 2021-22 in 2022-23.
- N. AGAR Publications 2021-22.** The Council complied with the requirements.
- O. Trust Funds.** The Council is a Custodian Trustee of the Village Hall and does not manage any trust funds or the management of the Hall.

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  
10<sup>th</sup> May 2023