

Keith Robertson Internal Audit Services

UDIMORE PARISH COUNCIL Internal Audit Report 2022-23

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 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 18th May 2023 at the Burwash Parish office. 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 issued raised in the 2021-22 Internal Audit.

Accounting Records

A.1 Bank reconciliations are prepared routinely and are subject to the scrutiny of members. This is registered in the minutes. **Recommend that a Councillor also initials the bank reconciliations. Not completed**

A.5 Expenditure Approval. A sample of payments confirmed the Financial regs were complied with, invoices approved by the Council with and audit trail through the financial records. **Recommended that a Cllr also initials the approved invoice at the time of approval. Not completed**

Banks

B.3 Bank Mandates. Clerk able to initiate and approve bank transfers, need to update process. **Not completed, in progress.**

G.1 **Staff Costs** – Payroll is managed by the clerk. It is recommended that the supporting documents from the payroll system are provided as available for review when approving the payroll in meetings. **Completed.**

J.2 **The budget and Accounting Statements** need to be updated to correctly budget for and report all reserve balances. **In Progress**

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A. Appropriate Accounting Records.

- A.1 The financial records are maintained in an XL cash book. The format and financial data is adequate for the Council's needs.
- A.2 VAT is properly accounted for. Reclaims are up to date as at 31-3-23.
- A.3 Financial reports are presented to Council and agree to the financial records and to the 2022-23 AGAR.
- A.4 Bank reconciliations are prepared routinely and are subject to the scrutiny of members. This is registered in the minutes. **Recommend that a Councillor also initials the bank reconciliations and statement. Per financial reg 2.2.**
- A.5 Expenditure Approval. A sample of payments confirmed the Financial regs were complied with, invoices approved by the Council with and audit trail through the financial records. **Recommended that a Cllr also initials the approved invoice at the time of approval.**

B. Financial Regulations, documentation and approvals.

- B.1 Fin Regs reviewed November 2022 and SO updated May 2023.
- B.2 The Agendas & Minutes were posted on the Councils website.
- B.3 Bank Mandates. Mandates are now current with on line banking live but as at May 2023 Cllrs who are on the mandate and have access to the on-line system are not logging into the system and the second signatory function is not live. The Clerk is entering and approving on line payments. **The Clerk is aware and will rectify this as soon as possible but**

this process is not aligned with the financial regulations and does present a risk with the Clerk able input and approve on line payments.

C. Risk Assessment

- C.1 A Risk Register was produced and is adequate.
- C.2 Internal Audit Effectiveness. Items noted in prior audit were seen and accepted by the Council but not all have been addressed.
- C.3 Insurance – The Parish Council's Insurance in place is sufficient in total to cover its declared assets values, financial and liability risk.

D. Budgeting & Precept

- D.1 Reporting. Actual expenditure is compared with the budget and any significant variances are explained. [Reserves reporting could be improved by monitoring balances during the year.](#)
- D.2 Annual budgets are prepared in support of the precept. Reserve movements are considered. The budget process is adequate given the size of the Council but could be improved. General reserves are adequate as at 31-3-23. .

E. Receipts

- E.1 Income is primarily from the annual precept & Cil funds.
- E.2 There is no VAT on income.

F. Petty Cash – The Council does not use a petty cash system or hold petty cash.

G. Employee Costs

- G.1 Staff Wages – Payroll is managed by the clerk. Data is input to HMRC payroll, totals are summarised on a word document which is presented to Cllrs, approved for payment and logged in the minutes. Payslips are present when approvals are made.
- G.2 Payments to the Clerk can include reimbursement of expenses. These are noted on the payments list.
- G.3 Salary costs in the cash book reconcile to the P60 for the Clerk.
- G.4 The Clerk/RFO has a contract of employment.

H. Assets

- H.1 Assets – An Asset register is maintained. Asset register values agree to the prior year asset values reported in the AGAR plus purchases in the year.. Insurance cover is adequate.

I. Bank Reconciliations.

- I.1 Bank Reconciliations are completed on a bi-monthly basis, presented to the Council at the bi-monthly meetings for review are minuted as being reviewed. Councilors do see bank statements when approving the reconciliations. Samples checks in this audit confirmed this control is being applied but bank statements are not being initialled as seen. [It is recommended that a Councillor initials the completed bank rec and statements per financial reg 2.2.](#)

J. Accounting Statements.

- J.1 The accounts are maintained on a Receipts and Payments basis and reports agree to the cash book.
- J.2 Reserves – Total reserves are £12.3K There is no defined reserves statement as at 31-2-23 that agrees to the total reserves. [The budget and Accounting Statements need to be updated to correctly budget for and report all reserve balances.](#)

- K. Limited Assurance Review Exemption.**
The Council did correctly exempt itself in 2021-22 and did post the exemption on its website.
- L. Transparency code.**
The Council did not publish the transparency code data because it did not publish the correct AGAR documents for 2021-22.
- M. Exercise of Public Rights 2020-21.**
The Council did comply with the audit regulations for publication.
- N. Publication of AGAR documents for 2021-22**
The Council did not publish the correct AGAR forms for 2021-22 on its website. The financial page was published but not signed. The Governance statement was not published. The Council did not correctly publish the 2021-22 AGAR forms in 2021-22.
- O. Trust Funds.** The Council has confirmed that does not manage any trusts.

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
25th May 2023