

# Keith Robertson

## Internal Audit Services

### WESTFIELD PARISH COUNCIL

### Internal Audit Report 2021-2022

#### 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 remotely on 18<sup>th</sup> May 2022 at the Clerk's office and confirmed that the financial management and internal controls are in good order. No issues were found that require 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.

#### **Prior Year audit comments and actions**

##### **Internal Audit 2020-21**

D: Budget & Reporting. £20K core reserve should be restated into a general reserve. **Resolved.** All Reserves have been re-allocated as needed in 2021-22. Balances are low but the budget for 2022-23 does address this.

**External Audit 2020-21.** No comments

#### **Internal Audit Report 2021-22**

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

- A.1 The financial records are maintained in RBS. The ledger is kept up to date. The data held for each transaction is correct; the ledger is arithmetically correct and regularly balanced.
- A.2 The Financial ledger agrees to the AGAR and to the financial report as at 31-3-22

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

- B.1 Financial Regulations and Standing orders were last reviewed in March 2022.
- B.2 Expenditure Approvals. Items sampled were correctly approved with an audit trail of approval through the minutes to the cash book.
- B.3 VAT transactions sampled were correct for 2021-22
- B.4 Agendas & Minutes are sent out in time are well presented.
- B.5 Payments are made by bank transfer with 2 signatures required for either on-line banking or cheque payments.

## **C. Risk Assessment**

- C.1 The Risk Management plan was last reviewed in March 2022 and is adequate. Playgrounds have monthly inspections and formal inspections every quarter
- C.2 Internal Audit Effectiveness. The Clerk continues to review and update the internal controls which are good.
- C.3 Insurance – The Parish Council’s Insurance is adequate to cover the assets at renewal value in the asset register.
- C.4 Risk mitigation has been reviewed for all assets.

## **D. Budgeting & Reporting.**

- D.1 A budget document “Considering Budget and Precept 2022/23 Onwards” was presented to the Council on 8<sup>th</sup> Dec 2021. This summarised in text form the R&P and reserves needed for the year 2022-23 and in summary the following years. This supported a significant increase in the precept for 2022-23. Reserve balances as at 31-3-22 were low at £21,634.
- D.2 The annual budget for 2022-23 was prepared by the RFO in support of the annual precept including a review of actual and forecast for the current year and budget year R&P and reserves. The budget and precept were approved by the full Council.
- D.3 A grid detailing each of the opening and closing balances and Total reserves, and reserve movements planned would further enhance the controls.

## **E. Receipts**

- E.1 Income is primarily from the annual precept. The precept recorded in the minutes agrees to the Council Tax authority’s notification.
- E.2 Other income is banked as received.
- E.3 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 payroll bureaux. Payment controls outlined by the Clerk/RFO are adequate. Samples of payroll transactions checked in this audit were correctly accounted for.
- G.2 The Clerk/RFO has a contract of employment.
- G.3 Payroll changes and monthly payroll are authorised by the Council and recorded in the minutes.

## **H. Assets**

- H.1 Assets – An Asset register which details the location, purchase date, cost value and replacement value of each asset is held and maintained. Cost value of the assets at 31-3-22 was £169564 The assets register agrees to the AGAR and the insurance cover is adequate.

## **I. Bank Reconciliations.**

- I.1 Bank reconciliations are completed on a monthly basis. The reconciliations are presented to the Council with the bank statements. Reconciliations are initialled by Councillors when reviewed and recorded in the minutes as being reviewed. The sample of bank reconciliations reviewed in this audit confirmed these were correct and being properly reviewed. All bank reconciliations at year end were correct.

**J. Accounting Statements.**

- J.1 The accounts are maintained on a Receipts and Payments basis & agree the AGAR.
- J.2 Items chosen in the sample of payments from the cash book were supported by invoices, properly authorised for payment and approved in the minutes.
- J.3 Reserves – There was substantial spend on projects in 2021-22 leaving earmarked reserves as at 31-3-22 at £7493 and the general reserve at £14140. The precept for 2022-23 has increased from £45.3K to £99.7K to enable reserves to increase to the levels required.

**K. Limited Assurance Review Exemption.**

The Council did not exempt itself in 2020-21

**L. Transparency code reporting.** The Council complied with the publication requirements.

**M. Exercise of Public Rights 2020-21.**

The Council did correctly provide for the exercise of public rights in 2021-22 for 2020-21.

**N. Publication requirements AGAR 2020-21**

The Council did correctly publish the documents required.

**O. Trust Funds.**

The Council acts as the managing trustee for a trust which refers to piece of land. A S196 agreement. (Trustees' memorandum of agreement) enables the council to receive relevant income from that land and directly make payments as the Council for that land and to record these through the books of the Council. Trustee meetings are held.

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 Audit. The Clerk's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA  
Internal Auditor  
21<sup>st</sup> June 2022