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27 May 2021

CATSFIELD PARISH COUNCIL

Internal Audit Report May 2021

Introduction

The Internal Audit focussed on identifying and confirming that the appropriate internal controls are in place, and the financial values in the 2020/2021 Annual Return, with limited substantive testing

In accordance with the Internal Audit Plan, Controls and Procedures and Fraud and Risk Issues were reviewed. The audit found that the Council has strong internal control procedures in place which are managed, in line with the Governance and Accountability for Local Councils Practitioners' Guide (GALCP), meet the needs of the Council and satisfy the internal control objectives set out in the Annual Governance Statement.

I confirm that I do not have any role within the Council and carried out my duties without bias.

The report below highlights the detailed findings of the audit with reference to the internal control objectives set out on page 5 of the Annual Return and statements 2 and 6 in section 1 of the of the Annual Return. References will if appropriate be made to other statements in section 1 of the annual return.

Items reported in Annual Return Audits from 2019/20

Internal Audit – Internal Auditor's report presented to the Annual Meeting in July 2020, in accordance with Covid19 regulations 6c and 42 issued to town and parish councils.

External Audit – There were no comments or items for action.

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A. Appropriate Accounting Records.

- A.1 The financial records are maintained using Sage accounting software. This contains all Cash Book records, Debtor, Creditor and Budget data required for financial reporting and bank reconciliations. The cash books are kept up to date and reconciled to bank statements each month. Processes exist to ensure records are

properly updated and checked. The small sample of data checked confirmed the transactions were correct. Balances brought forward in the accounts agreed to the prior year balances reported in the Annual Return. There are processes and checks in place to ensure that VAT is properly accounted for and the sample checked agreed to VAT refunds received. Financial reports produced agree to the financial records.

B. Financial Regulations, documentation and approvals.

- B.1 The Financial Regulations and Standing Orders were last adopted in March 2020.
- B.2 Quotes for Items of de minimis amount were evidenced as obtained per the Financial Regulations.
- B.3 Expenditure Approval - all of the items chosen in the small sample of payments from the cash book were supported by invoices and VAT was correctly accounted for, the invoices were initialled as authorised for payment, approved in the minutes and bank transfer payments were approved by Council.
- B.4 Agendas & Minutes are sent out in time and are well presented.

C. Risk

- C.1 A formal Risk Register and Risk Assessment is maintained and is reviewed annually.
- C.2 Internal Audit Effectiveness – Monthly reporting to Council of all financial statements and bank reconciliations are recorded in the minutes. In the previous Internal Audit report, it was recommended that Councillors introduce quarterly Councillor audits on a rota basis to be assured correct financial procedures and controls are properly applied throughout the year, as required by Standing Orders. This has not taken place but the Clerk/RFO has been advised to follow this up.
- C.3 The financial reports given to the Council and the controls in place around payments are good and provide the tools for risk and fraud detection.
- C.4 Insurance – The Parish Council's Insurance in place is sufficient to cover its assets and financial risk.

D. Budgeting & Precept

- D.1 Budgetary Control – The processes for reviewing and setting the budget and the precept are thorough and well documented and are part of the process for setting the following year's budget. Annual budgets are prepared in support of the precept.
- D.2 Actual expenditure is compared with the budget as part of the bank reconciliation report at each monthly Council meeting.

E. Receipts

- E.1 Income is from the annual precept and other sources. Most income is received by bank transfer. Any other income is banked when received.
- E.2 Debtors are recorded in the financial system when invoices are raised,

E.3 The precept recorded in the minutes agrees to the Council Tax authority's notification.

E.4 VAT refund receipts are correctly accounted for.

F Petty Cash – Petty cash is held but has not been used during the year.

G Employee Costs

G.1 Processes are in place to ensure employee costs are properly made and controlled.

H Assets

H.1 Assets – An Asset register is maintained using both cost values and insured values. The register was last updated in March 2020. The insurance cover is sufficient to cover asset values.

I Bank Reconciliations.

I.1 Bank Reconciliations are completed by the Clerk/RFO using the financial system, and are approved by Council on a monthly basis and recorded in the minutes.

J. Accounting Statements.

J.1 The accounting system supports the income and expenditure basis and financial reports presented to the Council on a monthly basis.

J.2 Receipts and payments agree to the financial reports.

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

J.4 Reserves are clearly reported and reviewed by the Council and agree to the financial records.

It is noted that the figures have been produced by the Clerk/RFO in accordance with the requirements and all supporting documents have been produced for the Internal Auditor. The Clerk/RFO's co-operation aided considerably to the work of this Internal Audit. Thank you.

Pat Buckle

Internal Auditor

27 May 2021