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KINGSTON near Lewes PARISH COUNCIL

Internal Audit Report 2016-2017

Introduction

In accordance with the Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed. These are managed, in line with the Governance and Accountability for Local Councils Practitioners' Guide (GALCP) and meet the needs of the Council. I confirm that I do not have any role within the Council and will carry out my duties without bias.

An interim audit was completed on 22 December 2016 and a final audit was completed on 16<sup>th</sup> May 2017. The audits confirmed that the financial management and internal controls are in good order. No 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 set out on page 5 and statements in section 1 of the of the annual return.

**Comments and actions from the 2015-16 Audit.**

**External Audit 2015-16** Box 10 was noted as having incorrect values. This has been corrected for 2017-18

**Internal Audit 2015-16**

A review of internal audit was recommended – This was completed.

**Internal Audit Report 2016-17**

**A. Appropriate Accounting Records.**

A.1 The financial records are maintained in the VT accounts package. The financial ledgers are kept up to date. 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.

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

B.1 The Standing Orders and Financial Regulations were readopted in May 2016 and presented again in May 2017

B.2 Quotes for Items of de minimis amount were sought for items as required in the financial regulations.

B.3 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.4 Agendas & Minutes were sent out in time and are well presented. The minutes were signed by the chairman.

**C. Risk Assessment**

C.1 A formal Risk Register was reviewed and approved in May 2016 and presented again for review by Council in May 2017.

C.2 Internal Audit Effectiveness. The minutes confirm that a review of internal audit controls was completed in July 2016 and following an interim internal audit in December 2016 a more comprehensive review was completed in May 2017. The controls in place are adequate and include checks and approval of payments and bank reconciliations at Council meetings.

C.3 Insurance – The Parish Council’s Insurance in place is sufficient to cover its assets and financial risk.

**D. Budgeting & Precept**

D.1 Budgetary Control – Annual budgets are prepared in support of the precept, actual expenditure is compared with the budget and any significant variances are explained  
D.2 Quarterly reports of actual vs budget spend are presented to the Council.

**E. Receipts**

E.1 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 refund receipts are correctly accounted for.

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

**G. Employee Costs**

G.1 Staff Wages – The Clerk has a contract of employment. The Payroll is managed by the Clerk via the HMRC on line systems. Changes to salary levels and monthly payroll payments are approved by the Council and minuted. The payroll and HMRC records agree with the financial ledgers and are correctly accounted for.

**H. Assets**

Assets – A detailed Asset Register is published on the web site and a summary maintained using insurance values as the cost values. The register was approved in May 2016 and was presented updated in May 2017 for approval. The Asset Value shown on the Annual Return is the insured value of the Pavilion. There are other assets on the register but these are not considered to be fixed assets. The year on year changes to the asset values on the annual return are changes to insured value of the asset not to changes in the physical assets. The insurance cover is sufficient to cover asset values on the return and other assets on the register.

**I. Bank Reconciliations.**

I.1 Bank Reconciliations are completed on a monthly basis. The reconciliations are presented to the Council at meetings for review. Reconciliations and statements are initialled by Councillors when reviewed.

**J. Accounting Statements.**

J.1 The accounts are maintained on a Receipts and Payments basis and agree to the cash book.  
J.2 All of the items chosen in the sample of payments from the ledger were supported by invoices authorised for payment and approved in the minutes. Cheque stubs sampled were all initialled by Councilors and VAT was correctly processed.  
J.3 Reserves – Earmarked reserves are identified by project and reported to the Council. The value of general reserves is adequate.

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  
16th May 2017