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KINGSTON near Lewes PARISH COUNCIL

Internal Audit Report 2017-2018

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 2017 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 8<sup>th</sup> May 2018 and 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 and Governance Statements in the Annual Return.

**Comments and actions from the 2016-17 Audit.**

**External Audit** No Items requiring attention

**Internal Audit** No Items requiring attention

**Internal Audit Report 2017-18**

**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 2017 and presented again in May 2018

B.2 Quotes for items were sought 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 are well presented. The minutes were signed by the chairman.

**C. Risk Assessment**

C.1 A formal Financial Risk Register was reviewed and approved in May 2017 and will be presented again for review by Council in May 2018. Risk Assessments for the Pavilion are reviewed by the Pavilion committee and Risk relevant to the playground and other public equipment is managed by contract with Lewes District Council.

C.2 Internal Audit Effectiveness. The minutes confirm that a review of internal audit controls was completed in May 2017 and will be presented for review again in May 2018. 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 value of the Pavilion as at March 2017 for the cost value (which is not known) plus other assets with a nominal cost value of £1. The register for March 2018 will be approved in May 2018 with all asset values remaining at these cost values  
The Asset register also records current values insured for all assets. The Asset Value shown on the Annual Return agrees to the cost value on the register. The insurance cover is sufficient to cover asset values 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 at least quarterly. 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 There is an audit trail through the financial records with all items sampled being properly reported and approved.
- J.3 Reserves – Earmarked reserves are identified by project and reported to the Council. The value of general reserves is approximately 1 year of precept which 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  
08th May 2018