

# Keith Robertson

## Internal Audit

### KINGSTON PARISH COUNCIL Internal Audit Report 2019-20

#### 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 2019 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 25<sup>th</sup> June 2020 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 2018-19 Audit.**

**External Audit** No Items requiring attention.

**Internal Audit** No Items requiring attention

#### **Internal Audit Report 2019-20**

##### **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 2020 with changes to enable on line bank payments.
- B.2 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.3 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 2019 and will be presented again for review in July 2020. 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. The Council considered a suggestion from the prior year audit and acted to improve the reporting of reserves. The Council holds earmarked and general reserves in bank accounts only for that reserve. The receipt of £170K in late March 2020 may make that impractical and the Council should consider for 2020-21 how it will report reserves if its funding is allocated to several new projects. The controls in place as at 31-3-20 were good 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 budget 2020-21 was prepared in support of the precept. Reserves are considered when budgeting.
- D.2 Quarterly reports of actual vs budget spend were presented to the Council in 2019-20 and any significant variances explained.
- D.3 The level of funding increased substantially in 2019-20. The subsequent application of those funds into projects may require some changes to the 2021-22 budget and reporting in 2020-21 to confirm what projects will be or have been funded from reserves, in addition to the analysis of each bank account balance and movement.

## **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. The VAT treatment on an item noted as a reimbursement of legal fees was confirmed as correct by the Clerk.

## **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.

## **H. Assets**

Assets – The register for March 2020 shows the current estimated value of assets and the insured value. Historic cost values reported in the AGAR correctly represent brought forward values for the Pavilion with other assets valued at zero. The Asset Value shown on the Annual Return agrees to the cost value on the register. The insurance cover is sufficient to cover current 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 quarterly. Reconciliations and statements are initialled by Councillors when reviewed and the approval is included in the minutes. All of the bank reconciliations were correct as at 31-3-20

## **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 –as at 31-2-20 were.

General	£59.7K (120% of the precept)
Earmarked Play Area	£22.3K
Tennis	£11.5K
Pavilion and Capital reserve	£199.3K
<b>Total</b>	<b>£292.8K</b>

- J.4 Reserves are identified by project by holding like reserves in a separate bank accounts. The Clerk may wish to consider a reserves statement that can where needed sub – analyse these reserves into projects for funding. General reserves appear high.

## **K. Exemption from limited assurance review. The Council did not exempt in 2018-19.**

**L. Notice of Public Rights.** The Council correctly posted this notice in 2019.

**M. Council as a Trustee.** The Council is not a trustee.

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  
25<sup>th</sup> June 2020