

Keith Robertson

Internal Audit

KINGSTON PARISH COUNCIL Internal Audit Report 2020-21

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 29th April 2021 via video link with the Clerk /RFO 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 2019-20 Audit.

External Audit.

- An adjustment between boxes 2 and 3. No IA issues relevant.
- A date error on the notification of public rights. No IA issues relevant.

Internal Audit No Items requiring attention. Noted reserves planning and reporting to be reviewed.
Completed.

Internal Audit Report 2020-21

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.

C. Risk Assessment

- C.1 Risk Register. A financial Risk and Management Assessment is updated and approved by the council each year. The Community Pavilion annually review all its risk assessments, incorporating this year Covid-19 requirements. The council reviewed its own Risk assessments at the September 2020 meeting, and will be for annual review this year in September 2021. The play area continues to be assessed on a monthly and annual basis subcontracted to the District Authority with the parish council responsible for remedial works.
- 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 reviewed the budgeting and reporting of reserves.
- 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 2021-22 was prepared in support of the precept. Reserves are now part of the budget process.
- D.2 Quarterly reports of actual vs budget spend were presented to the Council in 2020-21 and any significant variances explained and a reserves movements and balances report is now also published.
- D.3 The Budget vs Actual report include as “Payments” reserve movements. While the Council does understand what the report is conveying this is not the correct treatment. The R&P reported should exclude reserve movements and then show to which reserve (General or Earmarked) the Net R&P was applied to. A reconciling entry for VAT will also be needed to agree to total cash flow. A summary of reserves movements and balances would also help to clarify this but it is noted that a detailed reserve movements report does already exist. **It is recommended that the budget vs actual report format is amended to confirm that actual data agrees or can be reconciled to actual reported cash flows in total and to show which reserve net R&P was applied.**

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. Samples of Salary payments sampled in this audit were correctly accounted for.

H. Assets

Assets – The register for March 2021 shows an historic value of assets and the insured value. Historic cost values reported in the AGAR represent a valuation of the Pavilion with other assets valued at zero. The Asset Value shown on the Annual Return agrees to the historic cost value on the register. The insurance cover is sufficient to cover current estimated 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 31-3-21

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 31-2-21 were.

General	£62.0K (124% of the precept)
Earmarked Play Area	£25.3K
Tennis	£15.4K
Pavilion and Capital reserve	£199.3K
Total	£302.0K

J.4 Reserves are identified by project by holding like reserves in a separate bank accounts. The Clerk now reports balances and movements on reserves accounts and the Council will continue to hold these in separate bank accounts. General reserves are high.

K. Exemption from limited assurance review. The Council did not exempt in 2019-20.

L. Councils under £25K Transparency code. This does not apply to this Council.

M. Notice of Public Rights. The Council did post this notice in 2020-21 but the issue date on the notice was the same as the period start date (it must be at least 1 day after the issue date) and so was not correctly posted.

N. AGAR Publications- These were properly posted on the website.

O. 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
30th April 2021