

Annual Internal Audit Report 2023/24

Salehurst and Robertsbridge Parish Council

<http://www.salehurst-pc.org.uk/>

PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

31/05/2024

DD/MM/YYYY

DD/MM/YYYY

Name of person who carried out the internal audit

Keith Robertson OF INTERNAL AUDITOR

Signature of person who carried out the internal audit



SIGNATURE REQUIRED

Date

06/06/2024

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Keith Robertson

Internal Audit

SALEHURST AND ROBERTSBRIDGE PARISH COUNCIL Internal Audit Report 2023-24

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 2023 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 31st May 2024 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 2022-23 Audit.

External Audit - No Items requiring attention.

Internal Audit.

Budgets & Reporting:

- Recommended: *A defined numerical forecast of income, spend and reserves for the full year would improve controls and serve to confirm any expected variances from the current year budget. This is recommended by the Audit Standards. The Council does consider the forecast outcome but does not record this as a numerical statement.* **Not completed.**
- Recommended: *A statement of forecast and budget reserve movements & closing balances for all reserves would improve controls and confirm the budgeted reserves are adequate.* **Council noted this is advisory only no further action.**
- The Council intends to, but has not yet planned forward for 3 years at summary level when budgeting. *Recommend at summary level a forward look based on assumptions if a strategic plan is not available.* **Under consideration.**

Staff Costs

Changes to staff salaries and other conditions are approved by a Councilor but it is also recommended that this is confirmed in the minutes. **Completed**

Recommend reconciling the data in the payroll systems to the payroll data in the finance system at least annually. **Completed**

Assets

There is little location information or estimate of current value or a link to insured values in the asset register. The Clerk is aware and will update the register when workloads allow. **Not completed but asset location information is held elsewhere in the Councils records**

Internal Audit Report 2023-24

A. Appropriate Accounting Records.

- A.1 The financial records are maintained in RBS. The financial ledgers are kept up to date. The data held for each transaction sampled was correct; the cash book and ledger is arithmetically correct and regularly balanced. VAT is properly accounted for.
- A.2 The Financial reports produced agree to the financial records and to the 2023-24 AGAR.
- A.3 Expenditure. All items in the sample of expenditure transactions were supported by documented approval with an audit trail through the financial records. VAT was properly accounted for.
- A.4 Bank reconciliations are prepared monthly and approved by Councilors.

B. Financial Regulations, documentation and approvals.

- B.1 The Standing Orders and Financial regulations did not change and were not updated in 2023-24.
- B.2 Payments are checked in detail and signed as approved by one Councillor. The Clerk inputs items for payment to the banking system and two Cllrs approve on line, or same for cheques with two Cllrs as signatories.
- B.3 Agendas & Minutes are sent out in time are well presented. The minutes are signed by the chairman with payment approval recorded in the minutes.
- B.4 VAT claims were submitted in a timely manner and the closing debtor agrees to the final VAT claim.

C. Risk Assessment

- C.1 The Risk Register was not updated in 2023-24. There were high level risks identified in register from 2022-23. These high level risks have been fully or partly mitigated with the exception of a tree survey. *The risk register is adequate but does need to be updated to reflect the actions taken to mitigate the risks recorded.*
- C.2 The insurance cover is adequate and in excess of the listed cost value of assets and so presents if any a low risk. There are no current value estimates in the Asset register for comparison. Cover is adequate for liability and fidelity risk.

D. Budgeting & Precept

- D.1 Budgetary Control – The budget for 2024-25 was prepared in support of the precept and approved by full Council in Jan 2024.
- D.2 The budget process included references to prior year actual, and current Ytd income and spend but there was no numerical forecast of current year. The Clerk does consider a forecast position for the current year but does not formally record the outcome. *Recommended: Standards require a forecast of the current year. A defined and recorded numerical forecast of income, spend and reserves for the current full year would provide for a base comparison when setting the I&E budget and define the opening General and EMR reserves for the budget.*
- D.3 Budget reserve movements and balances are documented in text form but not in a numerical data format. *Recommended: A statement of the budgeted reserves movements and balances would improve controls and confirm the budgeted reserves are adequate. This includes the budgeted general reserves. Noted this is an advisory standard.*
- D.4 The Council intends to, but has not yet planned forward for 3 years at summary level when budgeting. *Recommend at summary level a forward look based on assumptions if a strategic plan is not available.*
- D.5 Quarterly reports of actual vs budget spend are reviewed in detail by the Finance working group. Its recommendations are presented to full Council meetings and the approval documented in the Full Council minutes. This includes reviews of actual vs budget spend, reserve levels, bank reconciliations and the approval of supplier and employee payments. These control checks are strong and effective.

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 refunds and correctly accounted for.
- E.4 The burials register is maintained and is up-to-date, as are interment and memorial records.

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

G. Employee Costs

- G.1 Staff Wages – There are three members of staff on the payroll. Employees have employment contracts. Updates to conditions are approved by the Council. The payroll is managed by the Clerk via the HMRC on line systems.
- G.2 The sample of payroll transactions tested confirmed that documentation was correct, authorised and agreed to the financial records.
- G.3 Data in the payroll system was reconciled to the financial records and the staff costs reported in the AGAR for 2022-23 and 2023-24.

H. Assets

- H.1 The asset register cost total agrees to the AGAR for 2023-24
- H.2 The register was last approved June 2023.
- H.3 The insurance schedule has cover significantly in excess of the cost values.
- H.4 *There is little location information or estimate of current value or a link to insured values in the asset register. The Clerk is aware and will update the register when workloads allow.*
- H.5 Approval of the PWLB loan was correct and the balance outstanding correctly reported in the AGAR.

I. Bank Reconciliations.

- I.1 Bank Reconciliations are completed on a monthly basis. The reconciliations are presented to the Finance working group meetings for review quarterly. Reconciliations and statements are reviewed and noted in the FWG minutes. The full council receives these minutes for approval. A review of the reconciliations was evidenced in this audit.
- I.2 All of the bank reconciliations were correct as at 31-3-24

J. Accounting Statements.

- J.1 The accounts are maintained on an Income and Expenditure basis and agree to the financial ledgers.
- J.2 There is an audit trail through the financial records with all items sampled being properly reported and approved.
- J.3 Reserves are reported in the financial statements and reviewed by the Council. There is a year-end Earmarked Reserves statement showing open balances, movements and close balances.
- J.4 Year-end reserves totalled £103K of which General reserves were £18K (14% of the precept) and earmarked reserves £85K all defined by projects.

K. Exemption from limited assurance review. Not applicable to this Council.

L. Transparency Code. Not applicable to this Council, but noted that the Council exceed the £200K limit in 2023-24 and so will need to publish to the higher standards quarterly and annually in 2024-25. See Local Gov Transparency code 2015.

M. Notice of Public Rights. The Council correctly posted this notice for 2023-24 in 2024-25

N. Publication of 2023-23 AGAR documents. The Council correctly published these documents for 2022-23 in 2023-24

O. Council as a Trustee. The Council is not a managing trustee.

Keith Robertson FCMA
Internal Auditor
6th June 2024