

Keith Robertson

Internal Audit Services

WESTFIELD PARISH COUNCIL

Internal Audit Report 2022-23

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 2022 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 remotely on 6th June 2023 at the Clerk's office and confirmed that the financial management and internal controls are in good order. No issues were found that require 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.

Prior Year audit comments and actions

Internal Audit 2021-22

D: Budget & Reporting. A grid detailing each of the opening and closing balances and Total reserves, and reserve movements planned would further enhance the controls. **Partly Completed.**

External Audit 2021-22. No comments

Internal Audit Report 2022-23

A. Appropriate Accounting Records.

- A.1 The financial records are maintained in RBS. The ledger is kept up to date. The data held for each transaction is correct; the ledger is arithmetically correct and regularly balanced.
- A.2 The Financial ledger agrees to the AGAR and to the financial report as at 31-3-23

B. Financial Regulations, documentation, and approvals.

- B.1 Financial Regulations and Standing orders were last reviewed in March 2023.
- B.2 Expenditure Approvals. Items sampled were correctly approved with an audit trail of approval through the minutes to the cash book.
- B.3 VAT transactions sampled were correct for 2022-23
- B.4 Agendas & Minutes are sent out in time are well presented.
- B.5 Payments are made by bank transfer with 2 signatures required for either on-line banking or cheque payments.

C. Risk Assessment

- C.1 The Risk Management plan was last reviewed in March 2023 and is adequate. Playgrounds have monthly inspections and formal inspections every quarter
- C.2 Internal Audit Effectiveness. The Clerk continues to review and update the internal controls which are good.
- C.3 Insurance – The Parish Council's Insurance is adequate to cover the assets at current value in the asset register.
- C.4 Risk mitigation has been reviewed for all assets.

D. Budgeting & Reporting.

- D.1 The budget is prepared by the RFO with reference to the current YTD and current year Forecast. The 2023-24 Budget for Receipts and Payments was set with reference to need and spending plans with notes to explain decisions. EMR movements and balances budgeted are detailed and consider future needs. The budget was properly approved by the Council, it does support the precept and it does consider future funding needs.
- D.2 The closing reserves budget for March 2024 (when the budget was approved in Jan 2023) was £50K of which £34K was EMR leaving a balance of £16K being general reserve. A £16K general reserve with a precept of £104K is low compared to many councils. It is noted that the Council classified £10K of EMR as a contingency which could also be considered as a GR if needed. [Recommend that the reserves grid detailing Budgeted EMR is extended to also show GR and Total reserves for the 2024-25 budget. This will clarify what all reserves are expected to be.](#)

E. Receipts

- E.1 Income is primarily from the annual precept. The precept recorded in the minutes agrees to the Council Tax authority's notification.
- E.2 Other income is banked as received.
- E.3 There is no VAT on income.

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

G. Employee Costs

- G.1 Staff Wages – Payroll is managed by payroll bureaux. Payment controls outlined by the Clerk/RFO are adequate. Samples of payroll transactions checked in this audit were correctly accounted for.
- G.2 The Clerk/RFO has a contract of employment.
- G.3 Payroll changes and monthly payroll are authorised by the Council and recorded in the minutes.
- G.4 [As at 31-3-23 the payroll data had not been reconciled to the data in the ledger. This should be completed as part of the financial controls.](#)

H. Assets

- H.1 Assets – An Asset register which details the location, purchase date, cost value and replacement value of each asset is held and maintained. Cost value of the assets at 31-3-23 was ££170,014. The Clerk/RFO confirmed this value will be reported when the AGAR is completed.

I. Bank Reconciliations.

- I.1 Bank reconciliations are completed on a monthly basis. The reconciliations are presented to the Council with the bank statements. The sample of bank reconciliations reviewed in this audit confirmed these were correct and being properly reviewed. All bank reconciliations at year end were correct.

J. Accounting Statements.

- J.1 The accounts are maintained on a Receipts and Payments basis & agree the AGAR.
J.2 Items chosen in the sample of payments from the cash book were supported by invoices, properly authorised for payment and approved in the minutes.
J.3 Reserves – The increase in the precept in 2022-23 to £99.7K enabled the reserves as at 31-3-23 to increase in total from £21.6K to £57.5K, of which £53.5K was general reserves. As noted in D2 above much of that will be re-assigned as EMR in 2023-24

K. Limited Assurance Review Exemption.

The Council did not exempt itself in 2021-22

L. Transparency code reporting. The Council complied with the publication requirements.

M. Exercise of Public Rights 2021-22

The Council did correctly provide for the exercise of public rights in 2022-23 for 2021-22.

N. Publication requirements AGAR 2021-22

The Council did correctly publish the documents required.

O. Trust Funds.

The Council acts as the managing trustee for a trust which refers to piece of land. A S196 agreement. (Trustees' memorandum of agreement) enables the council to receive relevant income from that land and directly make payments as the Council for that land and to record these through the books of the Council. Trustee meetings are held.

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 Audit. The Clerk's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA
Internal Auditor
7th June 2023