

Keith Robertson Internal Audit Services

COWDEN 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 07th June 2021 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.

2019-20 Audit comments and actions.

Internal Audit. No comments or actions required

External Audit. No comments or actions required

Internal Audit Report 2020-21

A. Appropriate Accounting Records.

A.1 The financial records are in an Excel file. The cash book is kept up to date. The data held for each transaction sampled was correct; the cash book is arithmetically correct and regularly balanced. VAT is properly accounted for. The AGAR reports produced agree to the financial records.

B. Financial Regulations, documentation and approvals.

B.1 The Standing Orders and Financial Regulations were last reviewed on Feb 2021.

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 The Council maintains a risk register which is thorough.

C.2 Internal Audit Effectiveness the Council reviews and updates its controls which are good.

C.3 Insurance – The Parish Council's Insurance in place is sufficient to cover its assets and financial risk.

D. Budgeting, Reporting & Precept

D.1 Budgetary Control – Annual budgets were prepared in support of the precept with reference to prior years, current year forecasts and with explanatory notes for budgeted receipts, payments and reserves. It is noted that reserve balances are increasing to almost twice the precept with general reserves very high. The Council should consider its 3-year requirement for reserves and if some of the general reserve need to be allocated to longer term projects.

D.2 Actual expenditure is compared to the budget during the year using a budget tracking report. The reports agree to the cash book and clearly explain receipts, payments and reserve balances.

D.3 Reporting. The Council reviews and minutes the receipt of reports of R&P

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 and refers mainly to allotments.
- E.3 There is no VAT on income. 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 payroll is managed by the Clerk. The Clerk and other employees have contracts of employment. The process was reviewed with the clerk and the authorisation procedures checked. Transactions sampled were correctly processed and accounted for.

H. Assets

- H.1 Assets – An Asset register is maintained and is upto date. The format is clear and the historical cost values agree to the AGAR. Current values are also logged and are consistent with the insured values.

I. Bank Reconciliations.

- I.1 Bank Reconciliations are completed by the Clerk each month and agree to the cash book.
- I.2 Reconciliations and statements are presented to the Council for review at meetings and the approval is recorded in the minutes. All bank reconciliations were correct as at 31-3-21

J. Accounting Statements.

- J.1 The cash book is maintained on a Receipts and Payments basis and agrees to the Annual Return.
- J.2 All of the items chosen in the sample of payments from the ledger were supported by invoices authorised for payment, approved in the minutes, cheque stubs were initialled and VAT was correctly processed.
- J.3 Reserves – Total reserves are £43.3K. Earmarked reserves are £21.8K and general reserves £21.5K being approximately 95% of the precept. Reserve balances are reported and monitored.

K. Limited Assurance Review Exemption. The Council did not exempt itself in 2018-19

L. Transparency code turnover <£25K. This does not apply to this Council

M. Exercise of Public Rights This was correctly posted in 2020-21

N. Publication of AGAR documents in 2020-21. These were correctly posted in 2020-21

O. Trust Funds. The Council has confirmed that does not manage any trusts.

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
8th June 2021