

# Keith Robertson Internal Audit Services

## DITCHLING PARISH COUNCIL

### Interim Internal Audit Report October 2024

#### Introduction

In accordance with the Internal Audit Plan, Procedures have been tested. No substantive tests were completed, these will take place during the year end audit.

The tests were to the standards and practices defined in the Governance and Accountability for Smaller Authorities published for the 2024-25 year 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 24<sup>TH</sup> October 2024 at the Council's office with the Clerk/RFO. No issues were found that require attention within the scope of the audit. The Clerk will consider some minor changes to procedure before year end. The report below highlights the findings of the audit with reference to the Internal Control Objectives and Governance Statements in the Annual Return

The areas within which procedures were tested are:

Internal Audit test area	Tested Y/N	Result
A: Appropriate Accounting Records.	No	Will be tested at year end.
B: Financial Regulations, documentation, and approvals	Yes	Processes are adequate.
C: Risk	Yes	Processes are adequate.
D: Budgeting & Precept	No	Will be tested at year end.
E: Receipts	Yes	Processes are adequate.
F: Petty Cash	No	Will be tested at year end
G: Employee Costs	Yes	Processes are adequate.
H: Assets	No	Will be tested at year end
I: Bank Reconciliations	Yes	Processes are adequate.
J: Accounting Statements	No	Will be tested at year end
K: Limited Assurance Review Exemption	Yes	Not applicable
L: Transparency data publication	Yes	Not applicable
M: Exercise of Public Rights	Yes	Meets Govt requirements
N: AGAR Publication requirements	Yes	Meets Govt requirements
O: Trustees	Yes	Not applicable

Note Adequate means passed and no action are required.

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**A. Appropriate Accounting Records.** Not in scope for this audit.

**B. Financial Regulations, documentation, and approvals.**

*B.1* The Standing Orders and the Financial Regulations were updated in March 2024 and January 2024 The orders and regulations are appropriate.

*B.2* Expenditure Approval. The procedure for ordering, approving, and paying of amounts was reviewed and found to be adequate.

- B.3 It is noted that the Council has a single user on-line banking system to enter and authorise payments with checks by a Councillor before and after the payment. A Councillor also checks the bank reconciliations to confirm that payments clearing the bank account made were correct and agree with the authorised payments. Testing confirmed this does mitigate risk of any potential error or fraud that may occur with a single user system. The Governance Guidance prefers a two person authorisation system but this is optional, the Financial Regulations and Bank Mandate allow a one person bank payments authorisation process. A two person authorisation would however improve controls by checking at the point of payment rather than after payment and I suggest that the Council considers this option.
- B.4 It is noted that while invoices for payment are checked by a Councillor, and the payment approval list is signed, the invoices are not initialled as proof of review. Initialling of invoices would confirm all documents presented and filed were seen and would improve controls. The Council may wish to review this procedure.

## **C. Risk**

- C.1 A formal comprehensive Risk Register is maintained, and up to date and is adequate for the needs of the Council.
- C.2 Noted that a risk assessment of trees is completed but is not on the register and could be added to the risk register.
- C.3 Insurance – The Parish Council's Insurance cover was not tested in this audit.
- C.4 The processes in place to monitor risk on public places managed by the Council are adequate.
- C.5 The Council reviews its internal controls informally. The Clerk will consider if a formal review is beneficial.

## **D. Budgeting & Precept.** Not in scope for this audit.

## **E. Receipts**

- E.1 Income is primarily from the annual Precept, bank interest, sport club fees and burial fees. The process for issuing invoices, receiving funds and managing debtors is adequate.
- E.2 VAT claims and receipts were not tested in this audit.
- E.3 The burials register and fee receipts process was reviewed and found to be adequate.

## **F. Petty Cash** – Not in scope for this audit.

## **G. Employee Costs**

- G.1 Staff Wages – A sample of payroll transactions were reviewed in this audit.
- G.2 The payroll is managed by the Clerk/RFO using the HMRC payroll system.
- G.3 The processes for staff records, payroll calculation, and payroll approval were tested by sample and found to be adequate.
- G.4 A sample of Payroll data was checked and confirmed to agree to the financial records, HMRC reports and ESCC pension reports.
- G.5 The year end test will confirm if the payroll data for the year agrees to the published staff costs data.

## **H. Assets.** Not in scope for this audit.

## **I. Bank Reconciliations.**

- I.1 Bank Reconciliations are completed by the Clerk/RFO on a monthly basis for each of the four bank accounts. The process for preparing the bank reconciliations, the review by Councillors and the noting of such in the minutes is adequate. No substantive tests were completed in this audit. Substantive data tests will form part of the year end audit.

- J. Accounting Statements.** Not in scope for this audit.
- K. Limited Assurance Review Exemption.** Not applicable
- L. Transparency code.** This council complied with the publication requirements.
- M. Exercise of Public Rights.** The notification of public rights for 2023-24 was published in and was compliant with the regulations.
- N. AGAR Publication requirements.** The Council correctly published the required documents for 2023-24.
- O. Trustees.** The Council is not a sole trustee.

Keith Robertson FCMA  
Internal Auditor  
25<sup>th</sup> October 2024