

INTRODUCTION

An internal audit of the Parish Council's financial records for the year 2022/2023 has recently been completed. The audit included all financial transactions for the period 1 April 2022 to 31 March 2023 inclusive.

The audit was undertaken in compliance with the requirements of the Accounts and Audit (England) Regulations 2015, and in accordance with the agreed and accepted Audit Plan.

Regulation 3 of the Accounts and Audit (England) Regulations states that the Parish Council must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk

Regulation 5 of the Accounts and Audit (England) Regulations states that the Parish Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and any officer or member of the Parish Council, if required to do so for the purposes of the internal audit shall -

- (a) make available such documents and records; and
- (b) supply such information and explanations;

The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

SCOPE

The audit included

- 1) examination of the receipts and payments account for the year
- 2) examination of payments and receipts spreadsheets
- 3) I carried out a detailed review of payments and receipts in the period. This included:-
 - a) Tracing purchase invoices to the payment approval sheets, matching to the bank statements, and agreeing the entries in the cash book
 - b) Agreeing bank deposits to the receipts summary
- 4) review of agendas and minutes of meetings,
- 5) review of fixed asset register and insurance policy
- 6) confirmation that bank reconciliations and reports are prepared regularly and reviewed at frequent meetings of the Parish Council.
- 7) review of VAT returns, and confirmation that they are completed accurately and filed on a timely basis.

FINDINGS

- 1) The fixed asset register was restated to include assets purchased in previous years which had not been included previously. The total to include on the AGAR is £9,822
- 2) VAT was not calculated correctly for items with receipts that are VAT inclusive. The correct way to work out the VAT is to take the gross amount multiply it by 20 and divide that result by 120
- 3) The net amount was reclaimed on an Amazon invoice for the Sussex County Flag rather than the VAT amount
- 4) VAT has been incorrectly claimed on postage. There is no VAT on postage it is exempt from VAT
- 5) I reviewed the Council website to ensure that the Local Government Transparency Code 2015 had been correctly implemented and adhered to. Details of expenses in the year were not showing on the website, although the clerk has prepared a list

SUMMARY AND OPINION

One of the functions of internal audit is to give assurance to members of the council that the financial systems are operating correctly, and can be relied upon.

In connection with my examination, and having regard to the items reported herewith, no matter has come to my attention that gives me reasonable cause to believe in any *material* respect that the regulatory requirements have not been complied with.

The accounting arrangements, procedural controls, records and documentary evidence are considered to be satisfactory, and accurately record the Council's financial position. But the website needs to be updated with the relevant information as soon as possible.

Rachel Hall

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RACHEL HALL (ACA)
6 June 2023