

ASHURSTWOOD VILLAGE COUNCIL
Interim Internal Audit Report October 2020

Introduction

An interim audit was requested by the Council with a scope to review any items reported in the 2019-20 annual audit and to identify any areas of control which were reported as satisfactory but could be improved. I confirm that I do not have any role within the Council and have carried out my duties without bias.

Scope

An interim audit was completed on 27th October 2020 remotely using Zoom. The Clerk and RFO were present. The review focused on 4 key areas of control.

1. Reserves. Budgeting and reporting of reserves.
 2. Payroll. A review of the process and checking of sample transactions. from your payroll.
 3. Risk. Is the insurance cover line compatible with the cover needed for the Assets listed in the register?
 4. Website. Is the website compliant with publications required by finance regs and statute.
- The report below highlights the findings of the audit.

1. Reserves.

The year end 2019-20 audit noted that (Budget) Reserve planning was curtailed due to Covid-19 preventing a final meeting and some clarification of the budget closing reserves is needed.

The budget is compliant with Governance and Accountability guidelines but budgeting and reporting of reserve levels could be improved. The I&E Budget reported in the Finance systems for 2020-21 includes £13.9K of expenditure on items defined as Reserves. This expenditure was not budgeted to be funded by the precept and so must be expected to be funded from reserves. No spend to date has occurred against these budget items and so it would be expected that there are sufficient reserves still available to fund future project spend on these items. It is not clear from the budget what the expected opening and closing balances or the movements on (all) reserves were or what the current balances are. The budget for 2021-22 does need to clarify what the reserve balances and movements are, as well as budgeting for expected expenditure.

Some examples of reserves budgets were reviewed and the Clerk & RFO will consider if these could be adapted to fit the needs for this Council.

2. Payroll.

The process applied in setting and approving salary levels, communicating with HMRC and preparing, reporting and approving the payroll was reviewed. This process is compliant with the controls needed. The nominal ledger (The details by transaction within each of the account codes for payroll and other expenditure) was not available for audit and so no sample transactions were checked.

This raises a general concern that the detailed postings in the ledger that support the I&E totals reported to the Council are not being reviewed regularly. This could lead to mis-posting, omission or duplication of items not being discovered. A nominal ledger report should be run and reviewed as routine by the RFO at least at each month end and any accounting adjustments made before publishing the accounts summary to the Council.

3. Risk.

The insurance cover when compared by asset category of cover confirms that there does appear to be sufficient cover based on original costs listed in the register. The register does not contain an estimate of the current value of assets and so this is an assumption but is not unreasonable. Some areas of cover included are for assets not on the register and it was confirmed do not need insurance cover. (Gates, Fences and Playground equipment with cover of £126K). This is not a risk but is noted as the premium may be relevant to the cover, some of which is not needed.

4. Website.

A review of the website confirms that the financial data, including the notice for the exercise of public rights is published on the Council's website.