

INTERNAL AUDIT REPORT 2019 - 20

COUNCIL PARISH COUNCIL

1 INTRODUCTION

As the Council's Internal Auditor I have independently carried out an examination of areas which meet the internal control objectives as listed on page 4 of the Annual Governance and Accounts Return (AGAR); for the year ended 31st March 2020. The audit has been carried out on a risk assessment basis and assesses the Council's compliance with best practices as outlined in the Practitioners Guide 2019.

2 OVERALL

The standard of administration and system of internal controls relating to the audit areas examined throughout the financial year were considered to be of a high standard enabling me to complete the Annual Internal Audit report positively.

The RFO's completion of the Certificate of Exemption for 2019-20 is appropriate given the annual gross income and annual gross expenditure values of the Council for the period.

3 DETAILED FINDINGS & RECOMMENDATIONS

The following outlines the areas covered:

A Appropriate accounting records have been properly kept throughout the financial year.

The internal control objective has been met. The primary accounts record examined (i.e. Excel Spreadsheets) were found to be accurate and supported the annual accounts statement.

B The Council complied with its financial regulations, payments were supported by invoices/vouchers, and all expenditure was approved and VAT was appropriately accounted for.

The internal control objective has been met. Total payments for the year £6,470. A sample of 12 payments were examined (including Payroll) and were agreed to the bank statements, supporting invoices, financial accounts, and Council Minutes. On line payments were found to be suitably authorised by two councillors; whilst invoices/supporting claims were also initialed by councillors authorising the payment. VAT is appropriately accounted for.

Payments examined complied with the Council's Financial Regulations which were revised and re-adopted at its May 2019 meeting. **The NALC model has since been updated (Sept 2019) and it is recommended that the Council consider its adoption in 2020.**

C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The internal control objective has been met. The Council has clearly demonstrated that it has assessed significant risks to achieving its objectives during the year as maintenance work of the war memorial and highway demonstrate this. The Council has also considered and readopted its Annual Risk Assessment at its May 2019 meeting. H&S, GDPR policies and IT back up procedures have also been introduced and in some cases updated during the last two years

D The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored by the council; and reserves were appropriate.

1. In Year Budget Monitoring – The Clerk/RFO prepares budget monitoring reports at half year, December and year end; in which she highlights any significant budget variances. These adequately meet Council's needs; given the volume of transactions involved.

2. Precept/Budget 2020-21 – The Council resolved to set a precept of £5,756 at its January 2020 meeting having considered the Clerk's Budget Projections report with Total Budgeted Expenditure estimated at £5,482.
3. Reserves - The yearend balance of £3,900 is considered satisfactory given that earmarked reserves exist within the balance relating to the Transparency grant of £61 and the Council's General Reserve policy.

The internal control objective has been met.

E Expected income was fully received, based on correct prices, properly recorded and banked.

The internal control objective has been met. Total receipts for the year were £6,601 and comprised mainly of the annual Precept £5,756; Highways Maintenance Grant £578, and 2019.20 VAT refund £262. These were properly recorded in the accounts and supported by remittance advices.

F Petty Cash Float - No petty cash float is held by the Clerk.

G Salaries to employees and allowances to members were paid in accordance with the Council's approvals and PAYE & NI requirements were properly applied.

The internal control objective has been met. The Clerks' salary payments as detailed in the accounts have been reconciled to HMRC Basic Payroll records. Council minutes support bi-monthly salary payments and evidence of the payments made having been checked by two councillors exists. Members did not receive allowances during the year.

H Asset and investments registers were complete and accurate and properly maintained

The internal control objective has been met. The Council's fixed asset register/inventory as at 31/3/20 was examined and found to clearly detail assets at their cost. Total £6,607. No in year movement was noted. The Council is insured; the current policy expires on 31/5/20.

I Periodic and Year-End Bank Reconciliations were properly carried out.

The internal control objective has been met. A year end bank reconciliation has been prepared by the Clerk/RFO and re performed and agreed by the Auditor. The Clerk regularly presents reconciled bank balances to Council which are independently agreed by the Chairman; who evidences his checks.

J Annual Governance & Accountability Return (AGAR) 2019/20; Statement of Accounts (page 6)

The internal control objective has been met. The draft AGAR's, Statement of Accounts has been correctly compiled on a receipts and payments basis and is supported by accounting records. The AGAR and related year-end paperwork which included the Certificate of Exemption and Variance Report had also been prepared in readiness for the next Council meeting.

K The Council appropriately certified itself as exempt from a limited assurance review by EA in **2018/19**

The internal control objective has been met. The Council fully met the exemption criteria and resolved to approve the Certificate of Exemption at their May 2019 meeting.

L. During summer 2019 Council correctly provided the proper opportunity for the exercise of public rights in accordance with Accounts and Audit Regulations 2015.

The internal control objective has been met. The notice of the period for the exercise of public rights was fully completed and advertised on the Council's website during the summer 2019; unfortunately due to a typo the wrong year was entered in the dates of inspection section (i.e. 2018; instead of 2019).

M Trust Funds – The Council is not responsible for a trust fund.

Council Meetings & Website - A sample review of Council meeting minutes confirmed that the necessary number of councillors were in attendance achieving the required quorum. Council minutes were appropriately signed as accurate. A brief review of Council's records on the Council's website confirmed that the website was overall up to date and informative.

Should the Council or Clerk have any queries with this report please do not hesitate to contact me. I would like to thank Kathy for presenting such well organised records.

Best Regards,

S D Hackett

SDH Accounting & Audit Services Gonsal House Condover Shrewsbury

21 April 2020