

INTERNAL AUDIT REPORT 2017-18

ATCHAM PARISH COUNCIL

1 INTRODUCTION

The following audit areas were examined:

Follow up of Previous Year's Annual Return; Accounting Records; Bank Reconciliations; Receipts, Payments; Council Policies; Insurance; Risk Register Assessment; Payroll; & Council Minutes, Council's Internal Control arrangements and Annual Governance & Accountability Returns (AGAR) for 2017/18 including the Certificate of Exemption.

These meet the internal control objectives as listed on page 4 of the AGAR.

2 OVERALL

The standard of administration and system of internal controls relating to the audit areas examined was considered satisfactory.

Having completed a comprehensive examination of Council records presented to me I have completed the Annual Internal Audit Report positively. The audit work undertaken supports that the Council's financial affairs are properly conducted and free from miss statement.

3 DETAILED FINDINGS & RECOMMENDATIONS

The following outlines the areas covered during the internal audit which support the above statement; areas of concern are highlighted.

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

The primary accounts record examined (i.e. the excel receipts and payments ledgers) were found to be accurate with the exception of a mix up with 3 cheque numbers being recorded wrongly on the payments ledger in September and provide a comprehensive analysis of receipts and payments; meeting both accounting and Council requirements.

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.

Total payments for the year £5,698. A sample of 8 payments were examined and were agreed to the bank statements and financial accounts, and Council Minutes. Council authorisation supporting each payment was easily traced in the minutes and Council's approval of the payment was also evidenced by two councillors initialing/signing the cheque stub, and invoice. This demonstrates good internal control. Two cancelled cheques (numbers 671 and 679) were accounted for. Payments examined complied with the Council's Financial Regulations which were re-adopted at its May 2017 meeting and conform to the NALC model.

VAT is appropriately accounted for in the Payments Ledger and VAT relating to 2016/17 was successfully claimed. The internal control objective has been met.

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

The Clerk has produced a risk assessment for 2017/18, which was approved and adopted by Council at its May 2017 meeting. **The Risk Assessment identified that an archive policy has yet to be adopted by Council and that supporting receipt documentation should be evidenced by two councillors checking each to the Receipts Ledger.**

During the year the Council has demonstrated its internal management of perceived risks by reviewing its insurance needs, approving payments, checking a sample of bank reconciliations and approving and adopting the 2016-17 year end accounts in May 2017. The internal control objective has been met.

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.

In Year Budget Monitoring – The Clerk presents to Council regular budget monitoring reports as per Financial Regulations.

Precept/Budget 2018-19 – The Council resolved to set a precept of £6,124 at its January 2018 meeting which is supported by the Clerk's Budget Projections report and Council's minuted revisions. Council also resolved to adopt an expenditure budget of £6,124, with the precept being the only expected income.

Reserves - The year end balance of £5,294 is made up of ring fenced reserves totaling £1,793.

The internal control objective has been met.

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

Total receipts for the year were £7,011. These were satisfactorily traced to banking records and supporting documentation which comprised mainly of a precept receipt of £5,262; Environment Maintenance grant of £1,169, NALC Transparency grant of £411 and VAT reclaim of £117, the remainder being other income and interest earned. The internal control objective has been met.

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 Clerk's 12 monthly payments as detailed in the accounts; and 4 quarterly HMRC payments have been agreed to the Clerk's P45 (DoL 31/3/2018) and Bright Pay records. There was evidence of Council minutes supporting these payments. A comparison to the Clerk's contract was not possible as the contract was not made available. The Clerk's mileage costs have been included as Staff Costs on the Annual Return. Members did not receive allowances. The internal control objective has been met. The internal control objective has been met.

H Asset and investments registers were complete and accurate and properly maintained The Council's fixed asset register/inventory as at 31/3/18 was examined and found to detail assets at their cost and replacement values where the value is unknown. Total £17,130. No in year movement was noted.

The Council is insured with AXA Insurance UK; the current policy expires on 31/5/18. Street Furniture is insured for the replacement sum of £21,938. The internal control objective has been met.

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

A year end bank reconciliation has been carried out by the Clerk (Rebecca Turner) and re performed and independently agreed by the Auditor. The Clerk on a quarterly basis presents bank reconciliations to Council. There is evidence of Q1 and Q3 having been checked and approved by councillors.

J Annual Governance & Accountability Return (AGAR) 2017/18; Certificate of Exemption (page 3); Statement of Accounts (page 6) and Variance Analysis.

The AGAR's Certificate of Exemption has been correctly completed by the newly appointed Clerk and is to be presented to Council at its May 2018 meeting for certification.

The AGAR's, Statement of Accounts has been correctly compiled on a receipts and payments basis based on accounting records. The Variance Analysis report as presented was also considered accurate.

The AGAR; Year-end Bank Reconciliation will be presented to Council in May 2018 for approval and adoption by the newly appointed Clerk/RFO.

K Trust Funds - The Council is not responsible for a trust fund.

L Council Meetings

A 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.

The Council's Standing Orders; Financial Regulations and a number of policies were re-adopted in May 2017 and are available on the Council's website.

A brief review of Council's records on the Council's website confirmed that the web site was up to date and informative **however councillors' declarations of pecuniary interest were not available.**

Should the Council or newly appointed Clerk have any queries with this report please do not hesitate to contact me. I would like to thank Rebecca for her assistance during the audit.

Best Regards,

SD Hackett

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6 April 2018