

# INTERNAL AUDIT REPORT 2018 -19

## COUNCIL PARISH COUNCIL

### 1 INTRODUCTION

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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 31<sup>st</sup> March 2019. 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 2018.

### 2 OVERALL

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Having completed a comprehensive examination of Council records presented to me I have completed the Annual Internal Audit Report on page 4 positively. The standard of administration and system of internal controls relating to the audit areas examined throughout the financial year were considered to satisfactorily meet the basic needs of the Council.

The RFO's completion of the Certificate of Exemption for 2018/19 is appropriate given the annual gross income and annual gross expenditure values of the Council for the period. It is to be presented to Council for approval at their next meeting.

### 3 DETAILED FINDINGS & RECOMMENDATIONS

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The following outlines the areas covered and areas of concern are highlighted.

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

The primary accounts record examined (i.e. excel ledger) was found to be accurate. Accounting and Council needs have been met.

#### 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 £5,273.42. A sample of 12 payments were examined (including Payroll) and were agreed to the bank statements, supporting invoices, financial accounts, and Council Minutes. The test was extended and relating cheque stubs which were found to be 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 2018 meeting and conform to the NALC model. 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 Council considered and readopted its Annual Risk Assessment at its May 2018 meeting and is expected to revisit it in May 2019. H&S policies and back up procedures have also been updated during the year.

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.

1. In Year Budget Monitoring – The Clerk 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 2019-20 – The Council resolved to set a precept of £5,756 at its January 2019 meeting having considered the Clerk's Budget Projections report with Total Budgeted Expenditure estimated of £5,312. The reasons for setting the precept are clearly minuted given the uncertainty as to whether the SC Environmental Maintenance grant would be received.

3. Reserves - The yearend balance of £3,768.08 is considered satisfactory given that earmarked reserves exist within the balance relating to the Transparency grant of £411.

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 £6,963.97 and comprised mainly of the annual Precept £5,756.00; Highways Maintenance Grant £578.50, and VAT refund £629.20. These were properly recorded in the accounts and supported by remittance advices. 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 Clerks' salary payments as detailed in the accounts have been reconciled to the Clerk's P60 and individual payslips. There was evidence of Council minutes approving bi-monthly salary payments and evidence of the payments made having been checked by two councillors. The Clerk's contract supports the pay scale used. Members did not receive allowances during the year. 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 31/3/19 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 31/5/19. 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/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. The internal control objective has been met.

J Annual Governance & Accountability Return (AGAR) 2018/19; Statement of Accounts (page 6)

The 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 will be presented to Council at their next meeting for approval and adoption. The internal control objective has been met.

K The Council appropriately certified itself as exempt from a limited assurance review by EA in 2017/18 The Council fully met the exemption criteria; which included having annual gross income and annual gross expenditure values each below £25,000. Council resolved to approve the Certificate of Exemption at their May 2018 meeting (Min ref 24.18). The internal control objective has been fully met.

L. During summer 2018 Council correctly provided the proper opportunity for the exercise of public rights in accordance with Accounts and Audit Regulations 2015. The notice of the period for the exercise of public rights was fully completed and advertised on the Council's website during the summer 2018. The internal control objective has been met.

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

27 April 2019