

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 3 of the Annual Governance and Accounts Return (AGAR); for the year ended 31st March 2020. As I have examined 11 months to date I am unable at this stage to complete all the objectives.

I have now completed the final review which I have added to the report in blue.

The audit approach uses 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, adequately meeting the needs of the Council. The AGAR's Internal Audit Report page has therefore been completed positively.

3 DETAILED FINDINGS & RECOMMENDATIONS

The following outlines the areas covered to date; areas of some 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 and provide a comprehensive analysis of receipts and payments linked to budget monitoring needs. These fully meet 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.

Payments as at February 2020 totaled £58,471; as at 31 March 2020 £68,161

A sample of 18 payments were examined in detail (including Payroll) and were agreed to the bank statements, 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/reimbursement. Cancelled cheques were accounted for.

Payments examined complied with the Council's Financial Regulations which were re-adopted at its May 2019 meeting. **I would recommend that the recent Financial Regulations issued by NALC in November 2019 are examined and considered for future use.**

VAT is appropriately accounted for in the Payments Ledger and VAT relating to 2018/19 was successfully claimed during the year. 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's Risk & Management Assessment has been revisited, approved and adopted by Council at its May 2019 meeting and are expected to be further revised in 2020.

From a review of financial records and hard copy minutes there was evidence of independent financial checks being carried out regularly by councillors. Suitable arrangements are in place to protect Council assets via insurance and regular maintenance. 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 regularly provides detailed budget monitoring reports to Council; which includes committed spend, in line with its Financial Regulations. This has enabled virements to be made where necessary and/or use of reserves to be approved; providing a clear audit trail.

Precept/Budget 2020-21 – The Council resolved to set a precept of £77,500 at its October 2019 meeting. Council resolved to adopt an expenditure budget £77,500; having considered the Clerk's detailed Budget Projections report.

Reserves – As at 31/3/2020 funds held by the Council were £136,884; which is comparable with the previous year's balance. Ear marked funds account for much of the balance. Reserves are deemed reasonable.

The internal control objective has been met.

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

Receipts as at February 2010 were £80,722. As at 31 March 2020 £80,815

These were satisfactorily traced to banking records and supporting documentation which comprised mainly of a precept receipt of £77,500; Grants of £1,601 and VAT reclaim of £1,340. 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 agreed to RTI Payment records. There was evidence of Council minutes supporting all salary payments. The Clerk's contract has been amended to reflect the newly approved pay scale.

The Clerk's mileage and home office allowance costs have been approved by Council but have not been routinely processed via RTI on a monthly basis. **Both should be declared to HMRC at year end as they exceed the current rates deemed not to include a profit element. It is the Clerk's intention to do this.**

The Chairman has been paid an allowance of £91.14 (as at 29/2/2010) which is well within the approved allowance of £200. Overall the internal control objective has been met.

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

The Council's fixed asset register as at 31/3/20 was examined. Total value of the assets for the year amounted to £25,611; assets are valued at cost where known, notional cost where inherited/gifted and estimated current value. Evidence was sighted of it having been appropriately updated during the year. The Council is insured with BHIB Ltd; the current policy expires on 31/5/20. The control objective has been met.

I Periodic Bank Reconciliations were properly carried out.

The Clerk regularly presents financial reports and bank reconciliations to Council. These monthly bank reconciliations are evidenced as independently checked by a councillor, normally the Chairman at each meeting. **It would improve control if this internal control check is rotated amongst councillors and where possible include a councillor with no signatory rights.**

The February bank reconciliation was re-performed by the auditor and agreed. The year end bank reconciliation as at 31/3/20 was examined and vouched to supporting records. The internal control objective has been met.

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

The Council does not qualify for an exemption from External Audit. Therefore the appropriate AGAR pack has been completed accurately on a receipts and payments basis; based on the Council's underlying cash book.

The control objective has been met.

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 notice of the period for the exercise of public rights was fully completed and advertised on Council notice boards and the website during the summer 2019. The Conclusion of the Audit Notice was also advertised in September 2019. The internal control objective has been fully met.

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

Council Meetings - 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 web site was overall up to date and informative and a huge improvement on the previous website.

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 files and enabling the final stages of the audit to be completed.

Best Regards,

SD Hackett

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2 March 2020 and 14 May 2020