

INTERNAL AUDIT REPORT 2017-18

ALVELEY & ROMSLEY PARISH COUNCIL

1 INTRODUCTION

The following audit areas were examined during two audits:

Accounting Records; Year End Bank Reconciliation; Receipts, Payments; Fixed Assets; Insurance; Risk Register Assessment; Payroll; & Council Minutes, Council's Internal Control arrangements and Annual Governance & Accountability Returns (AGAR) for 2017/18.

These meet the internal control objectives as listed on page 3 of the AGAR.

2 OVERALL

The standard of administration and system of internal controls relating to the audit areas examined was considered overall satisfactory. Mid-year recommendations have been addressed; however improvements are required to fully meet objective C.

I have completed the Annual Internal Audit Report on page 3 positively. The audit work undertaken supports that the Council's financial affairs are properly conducted.

3 DETAILED FINDINGS & RECOMMENDATIONS

The following outlines the areas covered during the internal audit which support the above statement; areas of particular 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 providing a comprehensive analysis of receipts and payments; meeting the Council's needs.

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 £54,751. A sample of 30 payments in total were examined during the year in detail and were agreed to the bank statements and financial accounts, and the Clerk's schedule of payments, which during the latter half of the year contained evidence of having been signed by the Clerk and a Councillor. The schedule supports the minutes and Council's approval of payments. Council's approval of the payment was also evidenced by two councillors initialing/signing the invoice.

Payments examined complied with the Council's Financial Regulations which together with Standing Orders were adopted by Council in May 2017. VAT was appropriately accounted for in the Payments Ledger.

Purchase orders/requisitions were not examined during the audit.

A postage book has been introduced to account for the usage of what is a high volume of stamps and the new Clerk is in the process of “selling” stocks to reduce what was thought to be a 2 year supply. This is commended. The internal control objective overall has been met.

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

During the year the Council has demonstrated its internal management of a number of perceived risks; examples include:

Reviewing its insurance needs, Considering GDPR implications, updated its banking mandate arranging safety inspections of play areas and appointing an Internal Auditor.

The Clerk intends to present the revised Risk Register to Council at its early May meeting; the Business Continuity Assessment having been last considered at the Council’s April 2017 meeting. I support this action and therefore consider that overall 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 – Detailed and clear management accounts have been provided by the Clerks for the Council’s in year budget monitoring process.
2. Precept/Budget 2018-19 – The Council resolved to set a precept of £51,200 at its meeting on 16 January 2018; having considered and agreed to amend the Clerk’s Budget report. Minutes record full details of the adopted budget.

“Total Budgeted Expenditure £56,700 less Budgeted Income £100 less contribution from Reserves £5,400 = Precept £51,200” This is commended.

3. Reserves - The year-end balance of £75,126 was considered satisfactory; given that the Council has identified earmarked reserves. 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 £54,750. These comprised mainly of the precept, VAT refunds and Environmental Maintenance Grant; these were satisfactorily traced to banking records and supporting documentation. 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 Retiring Clerk’s monthly salary payments and gratuity per the accounts have been traced to the Clerk’s P45. The newly appointed Clerk’s monthly salary payments per the accounts have been traced to the Clerk’s P60. No check has been carried out between payments made and the new Clerk’s contract as the contract was unavailable at the time of the audit. Council minutes (i.e. schedule of payments) support these payments. **Three entries relating to the costs of the external payroll service and costs of the “Clerk’s office move” have been miscoded to Payroll Costs i.e. Total £231 require re coding and excluding from the Staff Costs on Box 4 Section2 of the AGAR.**

The internal control objective has overall 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 i.e. £119,607. In year movement accounts for the net increase of £6,177. A It was confirmed that the Council is insured with Ecclesiastical and the current policy expires on 31/7/18. The internal control objective is met.

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

A year end bank reconciliation has been carried out by the Clerk and re performed and independently agreed by the Auditor. Councillors conduct independent quarterly internal control checks; one of which includes checking the bank reconciliation prepared by the Clerk/RFO. The internal control objective is met

J Annual Governance & Accountability Return (AGAR) 2017/18; Statement of Accounts (page 5).

The AGAR, Statement of Accounts Section 2 was submitted and **requires amendment with regard to Box 4 Staff Costs and Box 6 Other Payments;** as a result of miscoding referred to above.

The Section has been compiled on a receipts and payments basis based on accounting records. The report will be considered and approved at the Council's May meeting. The Variance Report had yet to be compiled and therefore has not been examined.

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

L Council Meetings/Website - A review of a sample 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 new website confirmed that the web site only contained basic information; and lacked key information required by the Transparency Act.

Egs No details of councillors Register of Pecuniary Interests which could also not be found on the Shropshire website. No financial information. Minutes from January 2018 only. No link from the old website to the new website.

It is appreciated that the website is work in progress; however please note it is likely be examined by the External Auditor; when undertaking this year's audit.

Should the Council or Clerk have any queries with this report please do not hesitate to contact me.

Best Regards,

S D Hackett

SDH Accounting & Audit Services

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