

## 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 using 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 be of a high standard, which adequately meets the 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 2018/19. 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 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 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 £23,571.

A sample of 18 payments were examined (including Payroll) 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. Payments examined complied with the Council's Financial Regulations which were re-adopted at its May 2018 meeting and conform to the NALC model.

VAT is appropriately accounted for in the Payments Ledger and VAT relating to 2017/18 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 Assessment for 2018/19, was approved and adopted by Council at its May 2018 meeting and is expected to be revisited by Council in May 2019. 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 presented at the November meeting a budget monitoring report which enabled 2019/20 budget expenditure projections to be resolved as set as £11,138. There was also evidence that Council closely monitored expenditure against that budgeted on significant projects throughout the year.

Precept/Budget 2019-20 – The Council resolved to set a precept of £12,200 at its January 2019 meeting which is supported by the Clerk's Budget Projections report.

Reserves - The yearend balance of £1,484 is considered satisfactory. 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 £17,469. These were satisfactorily traced to banking records and supporting documentation where available and comprised mainly of a precept receipt of £11,200; grants of £3,200 and VAT reclaim of £3,062. 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; and HMRC payments have been agreed to RTI Employers Payment records. There was evidence of Council minutes supporting salary payments. The Clerk's contract supports the pay scale used and payments made. The Clerk's mileage costs have been included as Staff Costs on the Annual Return. 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 31/3/18 was examined and found to clearly detail assets at their cost and insurance values where the value is unknown. Total £9,880. In year movement was accounted for. The Council is insured with AXA Insurance; 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 and re performed and agreed by the Auditor. The Clerk regularly presents bank reconciliations to Council. **It is recommended that councillors carry out random checks on the presented bank reconciliations and evidence these checks on the paperwork provided.** Overall 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 based on accounting records.

The AGAR; Year-end Bank Reconciliation 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 external audit 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. The certificate and supporting AGAR were subsequently published on the Council's website. The internal control objective has been 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 Council notice boards and the website during the summer 2018. The internal control objective has been met.

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.

The Council's Standing Orders; Financial Regulations and a number of policies were re-adopted in May 2018.

A brief review of Council's records on the Council's website confirmed that the web site 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 Jane for presenting such excellent files.

Best Regards,

*S D Hackett*

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3rd May 2019