

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 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

Having completed a comprehensive examination of Council records presented to me I have completed the Annual Internal Audit Report on page 3 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, and was vastly improved compared with the previous year.

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. Excel Spreadsheets) were found to be accurate and supported the annual accounts statement. The Excel Workbook consists of a number of spreadsheets which provide a comprehensive analysis of receipts and payments; quarterly budget monitoring; and bank reconciliation reports meeting Council requirements. The internal control objective has 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 £26,052.

A sample of 16 payments were examined and were agreed to the bank statements and financial accounts, and Council Minutes. During this test the following exception arose; one payment made to SL Bott could not be traced to a supporting invoice.

Council authorisation supporting each payment was traced to the minutes. Council's approval of payments was also evidenced in the majority of cases by two councillors initialing the cheque stub and supporting invoice/receipt.

Purchase orders/Requisitions were not examined during the audit; however evidence was found of best value having been obtained as quotes were obtained from suppliers prior to placement of the order.

Payments examined complied with the Council's Financial Regulations. VAT is appropriately accounted for in the Payments Ledger.

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 current Financial Risk Register/Assessments were last reviewed by Council in May 2018. The Council has clearly demonstrated that it has assessed significant risks to achieving its objectives 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.

In Year Budget Monitoring – The Clerk/RFO has provided quarterly budget monitoring reports to Council during the year.

Precept/Budget 2019-20 – The Clerk's Budget Projections report was considered at the Council's January and February 2019 meetings. However Council set its budgeted expenditure £28,340 and a precept of £24,826 at their February meeting.

Reserves - The year-end balance of £18,627; includes earmarked reserves for future projects of £9,958. This was considered low. Council is aware of this and has set a higher precept and is considering taking out a loan.

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 £17,906.

These were satisfactorily traced to banking records and supporting documentation which comprised mainly of a precept receipt of £15,970 and Environmental Maintenance Grant of £1,500. 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

A sample of the Clerks' salary payments as detailed in the accounts; have been agreed to bank statements and Council minutes. The Clerk's P60 figures for pay and PAYE and YTD Pension Contributions were agreed to relevant accounting entries supporting that the Pension contributions rates of 10.8% and 5.5% had been applied. The SCPF Year End Reconciliation had also been completed. The Clerk's contract of employment was also examined and supports payments made.

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 and nominal value where no cost value is known. Total value of fixed assets for accounts purposes was £78,901 there were no in year movement. It has been recognised that the Clerk will be re-examining the asset ledger soon. The Council is insured with AXA; 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 financial reports and bank reconciliations to Council. These periodic bank reconciliations are evidenced as independently checked by a councillor. The internal control objective has been met.

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

The AGAR's, Statement of Accounts has been correctly compiled by the RFO on a receipts and payments basis based on accounting records. The Variance Analysis Report was found to accurately explain significant variances. These are to be presented to Council at their next meeting. The internal control objective has been met.

K The Council certified itself as exempt from a limited assurance review in 2017/18 as it met the criteria.

The internal control objective was 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 review of Council meeting minutes confirmed that the necessary number of councillors were in attendance achieving the required quorum and that councillors' interests were being declared when appropriate. Council minutes were appropriately signed as accurate.

A brief review of the Council's website confirmed that transparency requirements were being met and that the site was both informative and current containing GDPR policy documentation.

Should the Council or Clerk have any queries with this report please do not hesitate to contact me. I would like to thank Rebecca for presenting such well organised files.

Best Regards,

SD Hackett

12 May 2019

SDH Accounting & Audit Services Gonsal House Condover Shrewsbury