

INTERNAL AUDIT REPORT 2019-20

EATON UNDER HEYWOOD & HOPE BOWDLER PARISH COUNCIL

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 4 of the Annual Governance and Accounts Return (AGAR); for the year ended 31st March 2020. The audit has been carried out using a risk assessment approach and assesses the Council's compliance with best practices as outlined in the Practitioners Guide 2019.

2 OVERALL

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 meeting the needs of the Council.

The RFO's completion of the Certificate of Exemption for 2019/20 is appropriate given the annual gross income and annual gross expenditure values of the Council for the period.

3 DETAILED FINDINGS & RECOMMENDATIONS

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. manual ledger) was re-cast and found to be accurate. Accounting and Council needs have been met. **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 £5,510.56. A sample of 12 payments were examined (including Payroll) and were agreed to the bank statements, supporting invoices, (evidenced as checked by councillors), financial accounts, and Council Minutes. VAT is appropriately accounted for.

Payments examined complied with the Council's Financial Regulations which were revised and re-adopted at its February 2019 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 Strategic Risk Assessment at its February 2020 meeting; along with its Standing Orders, Financial Regulations and other policies. **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 regularly prepares a financial report for each council meeting; in which she highlights any significant budget variances. This adequately meets Council's needs; given the volume of transactions involved.
2. Precept/Budget 2020-21 – The Council resolved to set a precept of £5,252 at its January 2020 meeting having considered the Clerk's Budget Projections at the November 2019 meeting; where the budget was discussed but not formally identified. **Total budgeted expenditure needs to be more clearly itemised within the Council's minutes to support decisions made and provide clarity and transparency.**
3. Reserves - The yearend balance of £7,433; consists of a number of earmarked funds of which one is Neighbourhood Fund £3,145. When taking this into account the level of funds held 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 £8,157.24 and comprised mainly of the annual Precept £4,436, Neighbourhood Grant £3,145, VAT refund of £326 and a SC Environmental Grant of £250. 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 payslips supplied by DM Payroll Services. It was noted that the Clerk was paid her outstanding back pay during the year. Council minutes support the salary 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 31/3/20 was examined and found to clearly detail assets at their cost. Total £3,014. The Council is insured with Inspire; the current policy expires on 31/5/20. **The internal control objective has been met.**

I Periodic and Year-End Bank Reconciliations were properly carried out. A yearend bank reconciliation has been carried out by the Clerk and re performed and agreed by the Auditor. The Clerk regularly presents bank balances to Council which meets the Council's current needs. **The internal control objective has been met.**

J Annual Governance & Accountability Return (AGAR) 2019/20; 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 internal control objective has been met.**

K The Council appropriately certified itself as exempt from a limited assurance review by EA in 2018/19

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 2019 meeting. Please note that at the time of the audit the certificate could not be found on the Council's website; however all relating paperwork was present. **The internal control objective has been fully 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 the Council's website during the summer 2019. **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 Jean for presenting such well organised records.

Best Regards,

SD Hackett

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10 May 2020