

INTERNAL AUDIT REPORT 2017-18

WROCKWARDINE PARISH COUNCIL

1 INTRODUCTION

The following audit areas were examined:

Accounting Records; Bank Reconciliations; Receipts, Payments; Council Policies; 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 to be of a high standard.

Having completed a comprehensive examination of Council records presented to me I have completed the AGAR's Annual Internal Audit Report positively. The audit work undertaken supports that the Council's financial affairs are properly conducted and accurate.

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. the manual receipts and payments ledgers) were found to be accurate providing a comprehensive analysis of receipts and payments; meeting both accounting and Council requirements. Out of date cheques were correctly accounted for in the payments ledger by being added back i.e. treated as a minus transaction.

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 £62,855. A sample of 15 payments were examined and were agreed to the bank statements and financial accounts, and Council Minutes.

Council authorisation (by resolution) supporting the payment was traced to minutes and a schedule detailing payments made in the previous month and to be paid in the current month. The Chairman and RFO sign this schedule as evidence of this approval. Councillors responsible for signing the cheques initial cheque stubs and supporting invoices. Cancelled cheques were accounted for.

The accounting records enable VAT to be easily identified. A sample of 10 VAT transactions in the current year were agreed to appropriate VATable invoices, supporting ledger entries.

Procurement practices examined support that quotes are obtained as stipulated by Standing Orders / Financial Regulations and best value is sought by the Council. Purchase orders/requisitions were not examined during the audit.

This supports that the 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.

Council approved and adopted a Risk Assessment at its May 2017 meeting; FRAs 1-5 have been reviewed since in Jan & March 2018. The Council has demonstrated the following internal controls throughout the year:

- Checking of bank statement reconciliations prepared by the Clerk and presented at each meeting.
- The internal audit report was considered by the Council in June 2017; and responded to.
- The external audit report was considered by Council in September 2017.
- A RoSPA playground inspection has been carried out.
- Appointed a Data Protection Officer; under gone a data audit and responded to findings by adopting GDPR policies.

This supports that the control objective has been fully 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 provided in year budget monitoring reports at half year to assist the F & CP Committee who met in October to discuss the budget. This was deemed adequate given the size of the Council and meets the Council’s Financial Regulations.

Precept/Budget 2018-19 – The Council resolved to set a precept of £66,396 at its Dec meeting where the precept request was formally signed. Council had previously considered the Budget and Precept at their October meeting; given available information; where an Expenditure Budget of £123,766 was formally adopted which is supported by the Clerk’s Budget Projections report.

Reserves - The year-end balance of £123,766; is held in one bank account and includes ring fenced reserves. It is evident that these will be financing much of the 2018/19 budget. **It was noted that the Council is in the process of opening another bank account in order to reallocate funds to mitigate any risk involved in exceeding the FSCS threshold.** It was noted that the Council will be adopting a Financial Reserves Policy in May 2018. These actions are commended.

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 £71,827. These were satisfactorily traced to banking records and supporting documentation which comprised mainly of a precept receipt of £64,887; Grant of £500, Pension Refund of £434 and VAT reclaim of £4,867, the remainder being interest earned. 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 Clerk's 12 monthly salary payments (and deductions) as detailed in the accounts; have been agreed to the AGAR Accounting Statement; the Employee's P60 and RTI records sighted confirm that the Year End Process has been carried out. The SCPF Year End Return was not examined. Four individual salary payments have been rechecked in detail and found to be accurate; this included the Pension refund. There was evidence of Council supporting and closely checking these payments within Council records. This is commended. It was noted that the Chairman's allowance had been paid in accordance with Council approval. 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 detail assets at their cost and replacement values where the value is unknown incorporating in year additions. Total £165,541. The Council is insured with Mavern via Aon; the current policy expires on 31/5/18. 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 independently agreed by the Auditor. The Clerk regularly presents bank reconciliations to Council; with full supporting documentation these are checked and adopted by Council. The internal control objective has been met.

J Annual Governance & Accountability Return (AGAR) 2017/18

The AGAR's Annual Governance Statement (page 4) has been considered by Council after having reviewed the effectiveness of its internal controls at the Council's meeting on 11/4/2018. Then the Statement of Accounts (page 5) having been correctly compiled on a receipts and payments basis based on accounting records by the Clerk/RFO on 4/4/18; was presented to Council and approved at their meeting on 11/4/2018. The Variance Analysis report supporting the return was also considered accurate. The AGAR's Internal Audit Report (page 3) is to be considered by Council as its May 2018 meeting.

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

L Council Meetings - A 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 sample of agendas examined supported that they are issued in accordance with the Council's Standing Orders. Should the Council or Martin have any queries with this report please do not hesitate to contact me.

Best Regards,

SD Hackett

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1st May 2018