

INTERNAL AUDIT REPORT 2016-17

BADGER PARISH COUNCIL

1 INTRODUCTION

The following audit areas were examined:

Accounting Records; Bank Reconciliations; Receipts, Procurement; Council Policies; Insurance; Risk Assessment; Petty Cash; Payroll; General Administration, Policies & Council Minutes, Council's Internal Control arrangements and the Annual Return's Compilation.

These meet the internal control objectives as listed on page 2 of the Annual Return.

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 page 5 of the Annual Return positively and can give reasonable assurance from the audit work undertaken that the Council's financial affairs are properly conducted and free from miss statement.

3 DETAILED FINDINGS & RECOMMENDATIONS

The following outlines the areas covered during the internal audit which support the above statement. Areas of attention have been highlighted for your convenience:

A. Appropriate books of account have been properly kept throughout the year.

The primary accounts record examined (i.e. the manual ledger) was found to be accurate and provided an adequate audit trail and sufficiently detailed analysis of accounting records. Receipts adequately differentiated between grants and payments; it separately identified Village Projects & s137 spending and VAT.

B. The Council's financial regulations imbedded in their standing orders have been met, payments were supported by invoices/vouchers, and expenditure was approved.

Total payments for the year were £5,054.

All cheque payments were agreed to bank statements, the ledger, Council minutes and were found to be appropriately supported by invoices etc.

Council authorisation supporting the payment was easily traced in the minutes and is evidenced by councillors initialing/signing invoices; and cheque stubs. This is commended.

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

The Council has satisfactorily met this objective as it carried out a strategic risk management review of financial, and environmental risks in September 2016. It has demonstrated that a physical review of assets was carried out by refurbishing the telephone kiosk in which the AED is installed.

D. The annual precept requirement resulted from an adequate budgetary process; and progress against the budget was found to be regularly monitored by the council; and reserves were appropriate.

1. In Year Budget Monitoring – The Clerk regularly prepares a detailed Treasurer’s Report which meets this.
2. Budget Setting 2016-17 - The Clerk’s November Treasurer’s report enabled a realistic expenditure budget to be set of £4,500 which resulted in Council setting a precept of £3,000 in November 2016 and confirmed in February 2017 following a report on Council tax ramifications. Shropshire Council was notified in good time of the Council’s precept requirements.

Reserves - The year-end balance of £8,028, includes the Parish Plan Restricted account of £1,342 which has been held by the Parish Council for some time.

As the Parish Plan project has not progressed and the Committee has disbanded, it is recommended that the Parish Council progresses its arrangements to return the grant funding to Shropshire Council via its Community Enablement Officer as soon as possible.

I would also advise that the year-end balance is more fully explained to External Auditors on the Variance Sheet as it currently represents in excess of a year’s payments.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.

Total receipts for the year were £4,841.

All income receipts were satisfactorily traced to banking records and supporting documentation.

A precept receipt of £3,000 was agreed to last year’s request and a Shropshire Council Small Highways Grant of £950 agreed to supporting paperwork. Remaining receipts were traced to VAT refunds (£500) and a personal donation made towards the telephone kiosk project (£360).

F. Petty Cash has been properly accounted for. - A petty cash float is held by the Clerk who regularly claims incidental expenditure. It was found to be fully supported by receipts and vouchers. As at year end the float held was £81.21 which was confirmed by the Internal Auditor in the presence of the Clerk.

G. Payroll – Approved salaries have been paid to employees and PAYE & NI requirements properly applied.

The Clerk's remuneration has been correctly calculated based on an hourly rate of £10.527 and contract hours of 12 per month; (SCP22) in line with the NJC Pay Scales which took effect at 1/1/2015 and which had been adopted by Council. Please note a NALC pay award (1%) was issued in April 2016; and April 2017 and that with effect from the 1/4/2017 the SCP22 rate is £10.739

All pay calculations have been processed via approved HMRC software and appropriate tax deducted. The Employer's P32 Schedule shows an annual sum of £303.00 due which corresponds with that paid and shown in the ledger. Tax had been appropriately deducted per the Clerk's tax coding and remitted to HMRC.

No allowances were paid to members.

H. Asset Registers are complete and accurate and appropriate insurance exists

The Council's fixed asset register/inventory as at 31/3/17 was examined it itemises assets at their book/original cost value (Total £11,305); taking into account two street signs which have been added. The Council's current insurance policy expires in June 2017.

I. Bank Reconciliations & Financial Administration

A year end bank reconciliation has been carried out by the Clerk and will be presented to Council at its next meeting, together with the Annual Return for 2016-17. The year end bank reconciliation was independently re-performed and agreed by the Auditor having first made a very minor adjustment.

Regular Treasurer's reports are provided by the Clerk, the appointed RFO to Council. These detailed reports provide bank balances, petty cash balances; accounts payable and significant receipts meeting transparency requirements fully.

J. Annual Return (AR) 2016/17, Variance Analysis.

The AR is correctly compiled based on accounting records (the manual ledger), on a receipts and payments basis. The Variance Analysis report prepared by the Clerk appears reasonable but requires expanding in relation to Reserves.

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

L. Council Meetings

A review of Council meeting minutes and agendas confirmed that the Council was quorate when it met. Council minutes were appropriately signed and minutes were found to be of a good standard.

Agendas are issued to councillors giving 3 working days' notice as required by law and are supported by appropriate detailed reports as required.

M. Standing Orders and Financial Regulations

Standing Orders (2014) containing the Council's Financial Regulations were amended and re-adopted by Council in March 2017. As a matter of procedure Council should annually review its Standing Orders and policies and adopt them at their Annual Parish Council meeting in May each year; to ensure all policies are up to date.

N. VAT Reclaims are appropriate - All individual VAT transactions in the current year were agreed to invoices, with one exception where VAT had been over looked. This has since been brought to the attention of the Clerk and amended.

O. Review of 2015-16 Internal and External Audit & Transparency Code Requirements

There was satisfactory evidence of the above reports having been presented to Council.

The Clerk confirmed that the appropriate notices had been publicly displayed together with a signed copy of the 2015-16 Annual Return.

The Council's website was examined as part of the audit and found to be up to date meeting Transparency Code requirements.

Given that the AR will be approved by Council at their May meeting the Notice of appointment of dates for the exercise of public rights was found to be accurately completed.

In conclusion I would like to thank David for presenting well organised records which have assisted the internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

S D Hackett

SDH Accounting & Audit Services
Gonsal House
Condoover
Shrewsbury
SY5 7EX
Tel 01743 719012

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