

INTERNAL AUDIT REPORT 2017-18

DIDDLEBURY PARISH COUNCIL

1 INTRODUCTION

The following audit areas were examined:

Follow up of Previous Year's Annual Return; 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 including the Certificate of Exemption.

These meet the internal control objectives as listed on page 4 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 satisfactory standard.

Having completed a comprehensive examination of Council records presented to me I have completed the Annual Internal Audit Report on page 4 positively. The audit work undertaken supports that the Council's financial affairs are properly conducted and free from misstatement.

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 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 £8,818. A sample of 15 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.

VAT is appropriately accounted for in the Payments Ledger and VAT relating to 2016/17 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 2017/18, was approved and adopted by Council at its March 2018 meeting. In addition throughout the year it has:

- Ensured the Clerk's Bank Reconciliations are checked by a member of the Council.
- The ramifications of new GDPR legislation have been considered and a DPO appointed.
- Considered its assets and obtained suitable insurance; demonstrating best value in May 2017.
- Appointed an Internal Auditor.

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 has provided budget monitoring reports to Council in November and January; as required by their Financial Regulations.

Precept/Budget 2018-19 – The Council resolved to set a precept of £5,128 at its January 2018 meeting which is supported by the Clerk's Budget Projections report which included ramifications of cuts in funding to grant income and increased salary and GDPR costs.
The adopted expenditure budget was referred to in the minutes but to encourage clarity a numerical reference to the total expenditure budget would be useful imbedded within the minutes.

Reserves - The yearend balance of £10,398 is considered satisfactory particularly given that the Council has identified earmarked reserves and has a general reserve policy.

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 £8,219. These were satisfactorily traced to banking records and supporting documentation which comprised mainly of a precept receipt of £5,128; Environment Maintenance grant of £2,263, NALC Transparency grant of £366 and VAT reclaim of £412, the remainder relating to a refund. 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 for deductions and the current Clerk's P60. There was evidence of Council minutes supporting all salary payments.

The Clerk's salary has recently been reviewed in line with her contract; experience and additional work commitments; resulting in an increase with effect from 1 April 2018.

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 £15,006. In year movement was noted and includes the purchase of IT equipment which explains the addition.

The Council is insured with AXA; the current policy expires on 31/5/18. Street Furniture is insured for the replacement sum of £21,938. 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 which are evidenced as checked by a councillor on the bank statements.

J Annual Governance & Accountability Return (AGAR) 2017/18; Certificate of Exemption (page 3); Statement of Accounts (page 6) and Variance Analysis.

The AGAR's Certificate of Exemption has yet to be completed by the Clerk and is to be presented to Council at its 8 May 2018 meeting for certification.

The AGAR's, Statement of Accounts has been correctly compiled on a receipts and payments basis based on accounting records.

The Variance Analysis report as presented was also considered accurate.

The Year-end Bank Reconciliation has been presented to Council in April 2018 for approval and adoption.

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 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 Jean for presenting such well organised files.

Best Regards,

SD Hackett

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4 May 2018