

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 on a risk assessment basis and assesses the Council's compliance with best practices as outlined in the Practitioners Guide 2019.

2 OVERALL

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, adequately meeting the needs of the Council. As a result I have completed the Annual Internal Audit Report on page 4 of the AGAR positively.

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. The Receipts & Payments analysed accounts meets the Council needs and enables VAT to be extracted. **The internal control 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 £10,768. A sample of 15 payments were examined (including Payroll) and were agreed to the bank statements, supporting invoices, financial accounts, and Council Minutes. The test was extended and relating cheque stubs were examined which were found to be initialed by councillors authorising the payment. 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 Annual Risk Assessment at its February 2020 meeting, together with its Standing Orders and Financial Regulations. **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 £6,952 at its January 2020 meeting having considered the Clerk's Budget Projections report which itemises the total expenditure budget as £6,952. The Budget Projections report being an appendix to the minutes.
3. Reserves - The yearend balance of £9,544 is considered satisfactory given that earmarked reserves exist within the balance and the Council has adopted 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 £7,239 and comprised mainly of the annual Precept £5,552 and a grant from West Mercia PCC £1,637. 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 with the Clerk's P60. (The Council uses a third party payroll service.) There was evidence of Council minutes approving salary payments. Members did not receive allowances during the year; the Chairman however reclaimed mileage expenses relating solely to Council activities, which are not taxable. **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 following a minor adjustment to clearly detail assets at their cost. (Total £18,786 – £630 (VAT)). In year movement was satisfactorily accounted for. The Council is insured; the current Inspire 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 year end 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 are checked and evidenced as such by council members, which is an important internal control. **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. Additional year end paperwork has also been prepared. **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 and Council resolved to approve the Certificate of Exemption at its May 2019 meeting. The certificate was later published on the Council's website but in the 2017/18 finance folder. **The internal control objective has been 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 in June 2019 but found in the 17/18 folder. **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 however finance documentation was poorly organised and requires attention.** 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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15 May 2020