

INTERNAL AUDIT REPORT 2018 -19
DAWLEY HAMLETS 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 3 of the Annual Governance and Accounts Return (AGAR); for the year ended 31st March 2019.

The audit has been carried out using on a risk assessment basis and assesses the Council's compliance with best practices as outlined in the Practitioners Guide 2018.

2 OVERALL

Having completed a comprehensive examination of Council records presented to me I have completed the Annual Internal Audit Report on page 3 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, which adequately meets the needs of the Council.

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 excel receipts and payments 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 £75,122.

A sample of 18 payments were examined in detail (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.

Payments examined complied with the Council's Financial Regulations which were re-adopted at its May 2018 meeting however they do not conform to the current NALC model or the Council's Standing Orders with respect to contracts (Section 17). **I would recommend that they are revisited.**

VAT is appropriately accounted for in the Payments Ledger and VAT relating to 2017/18 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 Assessments for 2018/19, were approved and adopted by Council at its May 2018 meeting and are expected to be revisited by Council in May 2019.

From a review of financial records there was evidence of independent financial checks being carried out regularly by councillors.

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 presented a number of budget monitoring report to Council during the year, in line with its Financial Regulations.

Precept/Budget 2019-20 – The Council resolved to set a precept of £77,500 at its October 2018 meeting. Council resolved to adopt an expenditure budget £77,500; having considered the Clerk's Budget Projections report.

Reserves - The yearend balance of £124,230; includes earmarked reserves which are linked to a strategic budget. The General Reserve balance was £30,563.

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 £95,056.

These were satisfactorily traced to banking records and supporting documentation which comprised mainly of a precept receipt of £77,500; PET Rebate £11,000; Grants of £4,081 and VAT reclaim of £2,215.

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 agreed to RTI Payment records. There was evidence of Council minutes supporting salary payments. The Clerk's contract supports the pay scale used and payments made.

The Clerk's mileage costs have not however been processed via RTI and as the rate used is in excess of 45p per mile; it is appropriate to include it in payroll processing, meeting HMRC requirements.

Members did not receive allowances during the year.

Overall the internal control objective has been met; however mileage claims require processing through payroll in future.

H Asset and investments registers were complete and accurate and properly maintained

The Council's fixed asset register/inventory as at 31/3/19 was examined and found to clearly detail assets at their cost and insurance values where the value is unknown. Total value of £24,506. In year movement was accounted for. The Council is insured with BHIB Ltd; the current policy expires on 31/5/19. 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/RFO and re performed and agreed by the Auditor.

The Clerk regularly presents financial reports and bank reconciliations to Council. These periodic bank reconciliations are evidenced as independently checked by a councillor normally the Chairman at each meeting. The internal control objective has been met.

J Annual Governance & Accountability Return (AGAR) 2018/19; Statement of Accounts (page 5)

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

The AGAR; Year-end Bank Reconciliation and related year-end paperwork will be presented to Council at their next meeting for approval and adoption.

The internal control objective has been met.

K The Council appropriately certified itself as exempt from a limited assurance review in 2017/18

The Council did not meet the exemption criteria; and as such this control is not applicable.

L. During summer 2018 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 Council notice boards and the website during the summer 2018. The internal control objective has been met.

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

Council Meetings - 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 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 Kathy for presenting such well organised files.

Best Regards,

S D Hackett

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6 May 2019