

INTERNAL AUDIT REPORT 2013-14

ADDERLEY PARISH COUNCIL

1 INTRODUCTION

The following audit areas were examined:

Accounting Records; Bank Reconciliations; Receipts, Payments; Standing Orders; Insurance; Risk Assessment; Payroll; General Administration & Council Minutes, Council's Internal Control arrangements and the Annual Return's Compilation.

These meet the internal control objectives as listed on Section 4 of the Parish Council's 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. Previous year's audit recommendations having been noted as having been acted upon during the year.

Having completed a comprehensive examination of Council records presented to me I have completed Section 4 of the Annual Return positively but have highlight that the Council's s137 annual allowance has been exceeded. With this exception I can give reasonable assurance from the audit work undertaken that the Council's financial affairs are properly conducted and free from misstatement.

3 DETAILED FINDINGS & RECOMMEN DATIONS

The following outlines the areas covered during the internal audit which support the above statement.

3.1 Appropriate books of account have been properly kept.

The primary accounts record examined (i.e. the excel ledger) was found to be accurate and provided an adequate audit trail and sufficiently detailed analysis of accounting records; although technically s137 (LGA 1972); should be separately categorized within the accounts to ensure the limit is not exceeded.

During the year 4 individual payments have been made using the s137 (LGA 1972) power; these total £2,086 and exceed the allowed allowance. As per the electoral register 2014 there are 273 electorate, by applying the 2013/14 allowance of £6.98; the available s137 allowance was £1,905.54.

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

Total receipts for the year were £11,578.17, which were satisfactorily traced to banking records and supporting documentation. It comprised mainly of a precept receipt of £10,764.00 and Council Tax Support grant of £609.00.

3.3 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 £14,918.59. A sample of 33 payments were examined and agreed to the bank statements, financial accounts, and Council minutes. The payments were appropriately supported by invoices etc. Minor discrepancies were noted within the minutes regarding Clerk's pay during the first quarter when £190.08 was recorded within the accounts but £136.64 within the minutes as an appropriate monthly standing order had been set up in April 2013 and authorized by councilors this was considered to be an oversight. Cheque payment 100275 is minuted as £40.00 whilst expenditure of £118.50 has debited the bank account and is supported within the accounts. This requires amendment.

The accounting records enable VAT to be easily identified and Council authorisation supporting the payment can be easily traced in the minutes and is evidenced usually by two councillors initialing cheque stubs and a councillor initialing/signing supporting invoices/documents.

All HSBC issued cheques were satisfactorily accounted for (Chq 100259 having been cancelled.).

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

The Council carried out a financial and management risk assessment in July 2013 and proposes to review this in May/June 2014. It has:

- Reviewed its insurance needs and its fixed asset register (Min 80/13).
- Examined the Internal and External Auditors' reports.
- Arranged for independent and professional play area inspections.
- Approved and adopted the 2012-13 yearend accounts and periodic bank reconciliations as presented by the Clerk. (The latter being evidenced as checked by a councillor.)

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

In Year Budget Monitoring– The Clerk's has provided regular detailed budget monitoring reports for 2013/14 and in particular used one to forecast a year end position for 2014 on which the 2014/15 budget is based.

Precept 2014/15 – The Council set a precept of £11,133 which excludes the CT grant expected at its Jan 2014 meeting. An expenditure budget of £12,001 was set. An inflation rate of 4% was applied together with knowledge of expected expenditure.

Reserves – The year end balances of £4.681 is represented by General Reserves which represents a third of the Council's expected annual expenditure.

3.6 Petty Cash Float - No petty cash float is held by the Clerk.

3.7 Council Meetings

A review of Council meeting minutes confirmed that the necessary number of councillors were in attendance meeting the required quorum. Council minutes were appropriately signed and minutes were found to be of a good standard. Agendas examined were issued as required by Standing Orders, with one exception relating to last year's May meeting where the dates used related to the previous year.

3.8 Standing Orders and Financial Regulations

The Council's tailored Standing Orders relate to model standing orders published in 2013 which were amended and adopted by the Council at the July'13 meeting. It is the Clerk's intention to ensure that they are reviewed by Council in May/June 2014 when the new Model Financial Rules are expected to be adopted in June/July 2014.

3.9. Bank Reconciliations

A year end bank reconciliation for 2013-14 has been carried out by the Clerk and will be presented to Council at its May meeting, together with the completed Annual Return.

The yearend bank reconciliation was independently re-performed and agreed by the Auditor.

Detailed Treasurer's reports are regularly provided to Council by the Clerk, the appointed RFO. These detailed reports provide bank balances, a bank account reconciliation; accounts payable and receipts.

3.10 Insurance

The Council's fixed assets were valued as at 31/3/13 using the current insurance policy values at the time and form the basis for the 31/3/2014 valuation, with acquisitions made during the year having been added. (Dog Bin.)

The Clerk has been advised to adopt a schedule as recommended per the Practitioners' Guide. The use of an additional column used to evaluate the condition of the asset is also recommended.

The Council's Aon insurance cover is considered appropriate. It includes employer's liability, public liability insurance cover of up to £10,000,000 and fidelity insurance. The policy expires on 31 May 2014.

3.11 Payroll

The Clerk's monthly payments of which there were 13 in the year were agreed to pay rates based on spinal point 20 pre the 1% pay increase introduced in July 2013 (i.e. £9.591) and 20 hrs per month contract. The Clerk has been appointed to spinal code 21 with effect from 1/4/2014 at £10.04 per hour based on 20hrs per month. The Clerk's standing order payment for both 2013/14 and 2014/15 has been recalculated and confirmed as accurate.

Other than evidence of monthly full payment transmission submissions being made to HMRC; the auditor was unable to compare payroll payments with those recorded on HMRC RTI. The 2013/14 PAYE year end submissions to HMRC were also not available on file to confirm. Council needs to satisfy itself that this has been done.

3.12. VAT Reclaims

No VAT claims have been made during the year. VAT transactions in the current year were agreed to invoices, supporting the ledger entries totaling £145.29.

There is a need to ensure VAT is reclaimed as claims are now outstanding for 3 years; i.e. 11/12; 12/13 and 13/14.

3.13 Annual Return (AR) 2014, Statement of Accounts, Variance Analysis.

The AR, Statement of Accounts were agreed to accounting records (excel ledger). A comprehensive variance analysis report has been prepared by the Clerk which was considered reasonable.

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

Should you have any queries with regard to this report please do not hesitate to contact me.

Regards,

S D Hackett

SDH Accounting & Audit Services
Gonsal House
Conover
Shrewsbury SY5 7EX

10 May 2014