

INTERNAL AUDIT REPORT 2015-16

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 page 5 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.

Having completed a comprehensive examination of Council records presented to me I have completed page 5 of the Annual Return (AR) 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.

A Appropriate books of account have been properly kept.

The primary accounts record examined (i.e. the excel ledger) were found to be accurate; s137 payments (LGA 1972); are now separately categorised within the accounts to ensure the limit is not exceeded.

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 £17,705. A sample of 20 payments were examined and agreed to the bank statements, financial accounts, and Council minutes. The payments were appropriately supported by invoices etc.

Council authorisation supporting the payments was easily traced in the minutes however the Clerk's salary payment was incorrectly reported as £200.80 instead of the correct payment of £210.54.

All HSBC issued cheques were satisfactorily accounted for (Cheques 100315/16 and 100333,336,337 and 342 having been cancelled/voided.)

The Council's has re-adopted its Standing Orders and Financial Regulations on 20 May 2015, currently they comply with those recommended by NALC.

C 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 on 20 May 2015 which includes an assessment of its physical assets. It has during the year:

- Reviewed its insurance needs and its fixed asset register.
- Examined the Internal and External Auditors' reports.
- Arranged an Annual ROSPA inspection of the play area.
- Approved and adopted the 2014-15 yearend accounts and periodic bank reconciliations as presented by the Clerk. (The latter being evidenced as checked by a councillor.)

D 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 has provided budget monitoring reports to Council.

Precept/Budget 2016-17 – The Council set a precept of £11,864 at its January 2016 which is supported by the Clerk's detailed Financial Forecast/Budget report. The expenditure budget monetary amount is not documented within the minutes and should be itemized in future to achieve clarity.

Reserves – The year end balances of £2,245 is significantly lower as play area improvements and village improvements represent a significant increase in expenditure this year.

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

Total receipts for the year were £11,681 which were satisfactorily traced to banking records and supporting documentation. It comprised mainly of a precept receipt of £11,299 and SC Small Highways & Environmental Maintenance Grant of £200.

F Petty Cash Float - No petty cash float is held by the Clerk. Office expenditure is reclaimed annually by the Clerk who splits costs amongst the councils she clerks for. VAT is therefore not currently being recovered for such expenditure.

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 Clerk's monthly payments of which there were 12 in the year were agreed to pay rates based on spinal point 22 and contracted for 20 hours per month. The Clerk is paid by monthly standing order; which is a payment authorized by councilors however minutes payments differed slightly see L below; this was considered an administrative error. The Clerk's P60 was agreed to the accounts and supports that tax due to HMRC has been computed and is being paid by the employee.

Members have not been paid allowances during the year.

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

The Council's fixed asset register/inventory as at 31/3/16 was examined and found to detail assets at their estimated values; totaling £19,753; there being no change from the previous year. The auditor would like to query whether playground improvements, and the AED should be included?

The Council's Aon insurance cover is considered appropriate.

I Periodic and Year-End Bank Reconciliations were properly carried out.

A year end bank reconciliation has been carried out by the Clerk and is to be presented to Council at its May 2016 meeting. The yearend bank reconciliation was independently 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.

J Annual Return (AR) 2015/16, Statement of Accounts, Variance Analysis.

The AR, was agreed to accounting records. The Clerk has completed a comprehensive variance analysis report.

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

L Council Meetings

A review of a sample 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. The Clerk's salary within the minutes was however incorrect recorded as £200.80 each month when in actual fact she received by monthly standing order £210.54. It would be advisable to minute that this error has occurred to assist with transparency.

M VAT Reclaims - A VAT refund claim has recently been prepared of £1,354.10, for the period 1/03/2015 – 31/3/16; this was agreed to a sample of supporting invoices and has yet to be claimed.

After a brief examination of the Council's website (shared with the Adderley Community) it is clear that this requires further work as it is not fully meeting the Transparency Code requirements.

Should the Council have any queries with this report please do not hesitate to contact me. I would like to thank Melanie for her assistance during the audit and for providing such almost well organised files!

Regards,

SD Hackett

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

1 May 2016