

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 the Annual Governance and Accounts Return (AGAR); for the year ended 31st March 2020.

The audit has been carried out remotely on a risk assessment basis, placing reliance on documents available on the Council's website and those provided electronically by the Clerk/RFO due to the Covid19 pandemic. The audit assesses the Council's compliance with legal requirements and 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 were considered to be of a high standard, which adequately meets the needs of the Council and enabled me to complete the Annual Internal Audit Report on page 4 positively.

It is appreciated that the Receipts and Payments of the Council have again been inflated; as a result of being lead Council for the Three Parishes Neighbourhood Project however they have not exceeded £25,000 and enabled the Clerk/RFO to complete a Certificate of Exemption from External Audit.

3 DETAILED FINDINGS & RECOMMENDATION

The following outlines the areas covered:

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.

Separate accounts have again been kept for Three Parishes Neighbourhood Plan; as they are maintained within the Council's account they have been included in the AGAR's Accounting Statement and this audit.

The internal control objective 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 £19,851

A sample of 10 payments were selected from the accounts and examined in detail. They were agreed to supporting invoices/vouchers 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 supporting invoice/voucher.

Payments examined complied with the Council's Financial Regulations which have recently been updated (September 2019) and conform to the latest NALC model.

VAT is appropriately accounted for in the Payments Ledger and VAT relating to 2018/19 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 2019/20, was approved and adopted by Council at its May 2019 meeting. Evidence of internal control checks carried out by councillors are now present. Assets are insured and physically inspected, whilst play equipment/areas are maintained and annually RoSPA inspected. **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 prepares quarterly Budget Monitoring reports and minutes support that a third quarter budget monitoring report and year end budget monitoring report have been presented and adopted by Council.

Precept/Budget 2020-21 – The Council resolved to set a precept of £15,780 at its January 2020 meeting. Council adopted in principle an expenditure budget at its December 2019 meeting. This is believed to be £14,942, having considered the Clerk's Budget Projections report but is not specifically annotated within the minutes. **To encourage clarity reference to the numerical Total Budgeted Expenditure should ideally be imbedded within the minutes or alternatively the Budget Projections report itself added as an appendix.**

Reserves - The total year-end balance of £3,729 of which £2,897 relates to the Council is considered to be relatively low; particularly as £2,738 relates to an earmarked Neighbourhood/CIL Fund. It is appreciated that the Council's precept was however received in April 2020.

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 £19,828.

These were satisfactorily traced to banking records and supporting documentation which comprised mainly of a precept receipt of £15,000; Neighbourhood Fund £2,738 and VAT reclaim.

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

Two of 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 mileage and home office 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 31/3/20 was examined and found to clearly detail assets at their cost and insurance values where the value is unknown. Total value of £30,436. The Council is insured with AXA; the current 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 reconciliations to Council at their monthly meetings. **The internal control objective has been met.**

J Annual Governance & Accountability Return (AGAR) 2019/20; Statement of Accounts

The AGAR's draft Statement of Accounts has been correctly compiled on a receipts and payments basis based on accounting records. A Variance report has also been prepared. **The internal control objective has been met.**

K The Council appropriately certified itself as exempt from a limited assurance review in 2018/19

Not applicable. The Council did not meet the exemption criteria last year.

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; together with the AGAR and supporting paperwork during the summer 2019. **The internal control objective has been fully met.**

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

Three Parishes Neighbourhood Plan – I have carried out an independent examination of the accounting transactions for the year as presented by the Clerk. Comparing a sample of payments with those passed for payment as minuted by the Steering Group and like-wise supporting receipts. No issues arose.

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.

Should the Council or Clerk have any queries with this report please do not hesitate to contact me. I would like to thank Jane for supplying the various documents (electronically) which made the audit possible.

Best Regards,

SD Hackett

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