

1 INTRODUCTION

The following audit areas were examined:

Accounting Records; Receipts, Procurement; Insurance; Risk Assessment; Payroll; General Administration, Policies & 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

Having completed a comprehensive examination of Council records presented to me I have completed page 5 of the Annual Return positively with one exception which relates to the year end bank reconciliation which I am unable to verify as accurate as a bank statement is outstanding.

I am able to give reasonable assurance from the audit work undertaken that the Council's financial affairs are properly conducted, transparent and free from miss statement.

The overall standard of administration and system of internal controls relating to the audit areas examined were considered adequate; however two concerns raised last year remain outstanding.

3 DETAILED FINDINGS & RECOMMENDATIONS

A Appropriate accounting records have been properly kept throughout the year.

Receipts & Payments accounts (Excel spreadsheets) were presented for audit.

The ledgers appropriately analyses types of receipts, payments and VAT; however the VAT was not always correctly analysed and some ambiguity existed in the way in which expenditure powers were used. Clerk's mileage and Home Office reimbursements required to be re-analysed within payments and March payments added to the accounts.

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 £14,821 (after having added the four March 2017 cheques which had been omitted). A sample of 25 payments in total were traced to bank statements, invoices/supporting paperwork and Council minutes.

There was evidence of two councilors initialing cheque stubs and invoices; however on several occasions only one councillor's initials was present.

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

The Council's Risk Register was reviewed by the Council and adopted in June 2016. (HALC model risk assessment is being used.)

It was further noted that the Council had carried out the following:

- Reviewed its insurance needs during the year.

- Formally approved its 2015/16 Annual Return.
- Appointed an internal auditor.
- Confirmed quarterly bank balances as reported by the RFO during the year.

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.

1. In Year Budget Monitoring – There was evidence of a quarterly finance report being presented to Council which includes a bank reconciliation.
2. Budget Setting 2017-18 - Council set a precept of £7,500 at its November meeting. An expenditure budget was approved for 2016/17; however no figures were detailed in the minutes. A comprehensive budget monitoring report and forecast for 2017/18 had been provided by the RFO; itemizing total budgeted expenditure as £13,681.
3. The yearend balance could not be determined as all bank account statements were not available at the time of the audit. It is believed to be £15,959.

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

Total receipts for the year were £14,289 (Excl. transfers). These comprise of the following:

Precept £7,500 which was agreed to available Hereford Council documentation, a Hereford CC Lengthsman's Grant of £2,228, and Highways Maintenance Grant of £3,420.

F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for – There was none.

G Salaries to employees and allowances to members were paid in accordance with the Council's approval; and PAYE and NI requirements were properly applied.

The Clerk's remuneration is based on NALC SCP point 21 in line with her contract. Pay calculations have been processed professionally via approved HMRC software; however not all approved payments have been included as at 5/4/2017 and the Clerk's P60 was found not to agree to the accounts. This requires correcting, but no tax liability is likely to arise.

It was however noted that a monthly home office working allowance of £60.00 per month is regularly claimed by the Clerk, for utilities and use of her home telephone, this is in excess of the £18.00 per month currently allowed by HMRC. (The latter being regarded as allowable and not required to be taxed as a benefit.) For full details please refer to the attached documentation.

It is recommended that the Clerk/RFO follows these matters up as the Council as the employer would be responsible for any income tax which might arise as a result.

No allowances are paid to members.

H Asset and Investment Registers are complete and properly maintained

A fixed asset register has now been compiled, with a balance as at 31/3/2017 of £1,678; the Clerk confirmed that the AEDs purchased in year are not owned by the Council.

No investments have been made by the Council.

The Council's has insurance cover which includes employer's liability and public liability insurance cover of up to £10,000,000 and fidelity insurance cover. The insurance cover has been approved by Council.

I Periodic and year-end bank account reconciliations were properly carried out.

There was evidence of a quarterly finance report being presented to Council which includes a bank reconciliation of the Community Account.

The year-end bank reconciliation was incomplete at the time of the audit as accounting statements were unavailable for the Savings account. **The Clerk is in the process of resolving this matter.**

An examination of the bank accounts identified that charges are regularly being incurred by the Council (Current account £23.40). **It is recommended that the Council investigate whether these can be reduced with their current bank or consider the use of another bank.**

J Annual Return (AR) 2016/17

The Annual Return Accounts Statement is in the process of being compiled by the Clerk on a receipts and payments basis. I am therefore unable to comment on its accuracy.

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

L 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. The Council's Standing Orders and Financial Regulations were last formally adopted in Nov 2014; they require reviewing/re-adopting by Council annually. (Please refer to the NALC publication "Local council's explained" on the matter.)

M VAT Reclaims are appropriate – A VAT refund for (February 2015 - November 2015) has been received. The current VAT claim is in the process of being compiled by the Clerk. I would recommend that the Payments spreadsheet incorporates a VAT column in future and allows costs to be analysed net of VAT; as this can be reclaimed.

The Council's website was examined and found to up to date and meets many of the Transparency Code requirements.

Should you have any queries please do not hesitate to contact me.

Regards,

S D Hackett

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