

**Kelvindale
Chapel Lane
Knockin Heath
Oswestry
Shropshire
SY10 8EB**

**Telephone 01691 - 682715
e-mail:- bt2008@btinternet.com**

1 May 2016

Selattyn & Gobowen Parish Council

Ladies and Gentlemen

I have been appointed as your Internal Auditor and am employed by the Council to conduct such tests as are agreed and are sufficient to enable me to complete the Internal Auditor's Report contained within the Audit Commission's Annual Return Form for the appropriate financial year.

My report is based on the Practitioners' Guide, and the tests are taken from the 2014 version of the guide, together with the appendices, and I have again given my rationale for the answers given to the various headings on the Annual internal audit report which has slightly changed this year.

- A. Appropriate books of account have been kept properly throughout the year. Within the financial computer package a Cash Book is maintained, is up to date, regularly balanced and the reconciliation of the cash book balance and the bank statement is regularly agreed by the council and minuted. The books are made up to 31st March 2016 and were examined by me on 21st April 2016.
- B. The council's financial regulations have been met. On the departure of the former clerk as at the end of September 2015 I had examined the accounts and procedures and submitted an interim report to the Parish Council on my findings. I have as at the year end checked a further sample of the Income and also the invoices paid. Payments were supported by invoices, all expenditure was approved and VAT was or will be properly accounted for. I tested a sample of the payment transactions from October to March and found them to be satisfactory. Where applicable, prior to authorisation, the invoice is checked by the Clerk. All cheques require two signatures, and the cheque signatories are required to check and sign the original invoice that they have assured themselves that the payment is appropriate for payment and that the invoice and cheque are in agreement as to payee and value. From the samples checked, this is being done. VAT on payments has been identified, and recorded separately. The Standing Orders and the Financial Regulations were reviewed in May 2015 under reference 246/15.
- C. The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. The Risk Assessment policy was discussed and approved by the Finance Committee in April 2015, and is very comprehensive. The existing Insurance cover runs from 1 October 2015 to 30 September 2016. This item was discussed by the council in September 2015 and is minuted under ref. 292/15. The new quote was accepted and authorised in the sum of £2396.44.
- D. A budget was drawn up and was discussed and approved by the Council at their meeting on 28th January 2016 under Minute 368. The budget shows a break even figure. A comparison of the actual spend with the budget is communicated to each councillor quarterly and is duly minuted, as evidence see ref 308.
- E. All income has been received, is properly recorded and promptly banked where applicable. This is particularly evident in regard to the Community Meals income. The recorded precept agrees to the Council Tax authority's notification, and I have checked a number of the credit vouchers (10). The council does not deal in cash or near cash items. VAT has been properly accounted for and is claimed quarterly. It has been claimed up to 31 March 2016.
- F. The council does not operate a petty cash system.
- G. The new clerk has a Contract of Employment, which is based on the NALC model. Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied and payments to HMRC are up to date.

- H. The Asset register is complete and accurate and properly maintained. The Asset register, and the figures therein were discussed and reviewed in May 2015, and minuted under ref. 246. There is an up to date Asset Register as at 31st March 2016. The council does not have an investment register as it has no investments.
- I. Periodic and year end reconciliations have been carried out and there is evidence that this has been done. They have been checked by Councillor R T Jones in the past, but he has now passed the baton to someone else. I would like to place on record my thanks to Councillor Jones for the diligent and excellent way he has carried out his responsibilities. I am aware that Councillor Emery has taken over that responsibility with effect from the 4th quarter of 2015/16.
- J. Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, and supported by an adequate audit trail. At the year-end there are no unexplained balancing entries in either reconciliation, The year-end accounts have been prepared on the correct accounting basis (receipts and payments) and the value of investments held is not applicable. At the year end, there are original bank statements for both the current account and Reserve account, and a reconciliation has been done.

General.

I have examined the Net Position by Cost Centre and Code printout as at the year end and would make the following observations:-

Administration. Two payments have been made in the year to Peninsula, the first in May 2015 and the second in January 2016 both for £2304 plus VAT, not insubstantial amounts, and which have taken the cost centre way over budget. However there is no mention made in the minutes that there is anything extra-ordinary about them so I am led to assume that the first payment was for the whole year of 2015 and the second is for the whole of 2016. These payments are debited to your account automatically and I wonder if controls are in place to ensure that no further payments are taken this year unless agreed by the council.

Community Meals Project. The budget and actual figures bear little resemblance and I assume that the income is due to a vast increase in the number of meals provided which would also explain the increase in volunteers' expenses and the cost of the meals provided by RJ&AH. This is only meant as an observation, and it can only be beneficial that the Council are providing more assistance to the needy.

Pavilion. Each year the budget shows £1000 in respect of Non-Domestic rates. As the Council do not pay any rates on the pavilion, it seems incongruous that provision should be made within the budget. I have no problem with it, as it could be that Shropshire Council, in their efforts to reduce spending or increase income, may decide to start charging in the future.

Conclusion.

I have marked all the categories on the internal audit form as conforming to the required standard on the basis that under risk management there is little or no risk attached to the council from any of the comments I have made.

From my internal audit testing there is no evidence of any irregularities and I would like to thank both the present and former Clerks for the excellent way in which the accounts have been prepared. I have been consulted by the clerk on a number of occasions over the years, and I have always given an independent view for discussion with the councillors. I have discussed this with the external auditors in the past and my views do not in any way compromise my independence from the council.

The points I have commented upon in my report come from the internal control testing appendix, and should provide the basis on which the council's own internal controls are set.

Yours faithfully



Bernard Townson
Internal Auditor
1 May 2016