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**3 May 2020**

West Felton 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 Internal Control objectives as detailed in the Annual Internal Audit Report 2019/20 and whilst the majority of the tests I have made are taken from the appendices of the 2014 version of the Practitioners' Guide, they are still relevant to the various headings on the Annual internal audit report. I have again given my rationale for the answers given on that report.

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

Appropriate books of account have been kept properly throughout the year. A Cash Book is maintained, is up to date, regularly balanced and the reconciliation of the cash book balance and the bank statement is agreed by the council at each meeting, and signed off by an authorised signatory. The books are made up to 31st March 2020 and were audited by me on 3<sup>rd</sup> May 2020.

**B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.**

I checked the Income received and also the invoices paid. I tested most of the payment transactions 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 initial the original invoice that they have assured themselves that the invoice 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 were revised in 2018 and are reviewed annually at the May meeting of the Council (ref minute 29/19a). The Financial Regulations were also reviewed in May under minute 29/19b, and new regulations which were published by NALC in July 2019 will be put forward for adoption at the next review date in May 2021. The other policies operated by the Council were also reviewed where necessary and the Clerk has set up a very efficient system for monitoring the adoption/review/renewal of all the Policies and Procedures. This has had the additional benefit of making my audit easier to check the requirements of the audit have been carried out correctly.

**C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these during the year. The Risk Assessment policy has been discussed and approved by the council. The existing Insurance cover was discussed under minute 23/19a dated 14 May 2019 as this policy was for a three year period which ends at the 31<sup>st</sup> May 2020. This policy runs from 1 June 2019 to 31 May 2020.

**D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate.**

A budget was drawn up and was discussed and approved by the Council at their meeting on 14<sup>th</sup> January 2020. The budget and the Precept were approved under minute 133/19e, the Precept for 2020-21 being set at £20095. The Council has a Reserves policy, and the reserves of the Council are adequate. The budget is monitored at six-monthly intervals in accordance with the Financial Regulations and was discussed and approved at the Council's meeting on 12<sup>th</sup> November and duly minuted (107.19e) The reserves were also discussed and approved under minute 107.19f.

**E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.**

All income has been received, is properly recorded and promptly banked where applicable. The recorded precept agrees to the Council Tax authority's notification. The council does not deal in cash or near cash items. VAT has been properly accounted for and has been claimed up to 31 March 2019, and a claim was made on 23<sup>rd</sup> August 2019 for £4202.97. The refund for this claim was received on 6<sup>th</sup> September 2019.

**F. This authority does not operate a petty cash system.**

**G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.**

The Clerk has a Contract of Employment, which is based on the NALC model. Salaries to the Clerk 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. Asset and investment registers were complete and accurate and properly maintained.**

The council has an Asset register which is complete and accurate and properly maintained. It was reviewed on 10<sup>th</sup> March 2020 under minute 161.19.d. The council does not have an investment register as it has no investments.

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

Periodic and year end reconciliations have been carried out and there is evidence that this has been done and the reconciliations have been checked and signed by an authorised signatory. As evidence see minutes 39/19a, 52/19a, 66/19a, 80/19a, 94/19a, 107/19a, 119/19a, 133/19a, 145/19a and 158/19a.

**J. Accounting statements prepared during the year were prepared on the correct accounting basis, (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.**

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 is an original bank statement for the current account and a reconciliation has been done.

**K. If the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt.**

The authority did not certify itself as exempt from a limited assurance review in 2018/19, and this heading is not applicable.

**L. The authority has demonstrated that during the summer of 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.**

This exercise was correctly provided for.

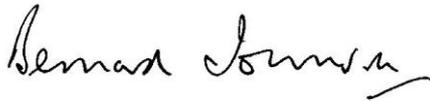
**Conclusion.**

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. However may I suggest that for the clarification of section L above, it would be helpful if, at the meeting following the exercise of public rights, the Council minuted the fact that the records were open to the public, and quote the dates when this took place.

From my internal audit testing there is no evidence of any irregularities and I would like to thank the Clerk for the really excellent way in which the accounts and other audit material have been prepared. I would also like to thank those Councillors who undertake the Internal Control for their dedication to that duty.

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

A handwritten signature in black ink, appearing to read "Bernard Townson". The signature is written in a cursive style with a long horizontal stroke at the end.

Bernard Townson  
Internal Auditor  
3rd May 2020