

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Feb Ditton Parish Council – 2015/16**

The following Internal Audit was carried out on the adequacy of systems of control. The following recommendations/comments have been made:

Income: £26,613.71      Expenditure: £26,091.90      Reserves: £106,832.55

### Annual Return Completion:

Section One: No

Section Two: Yes – to be signed

Section Four: Yes

**Proper book-keeping** Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

*All were found to be in order. VAT payments are tracked and identified within the year end accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.*

**Financial regulations** Standing Orders and Financial Regulations  
Tenders  
Appropriate payment controls including acting within the legal framework with reference to council minutes  
Identifying VAT payments and reclamation  
Cheque books, paying in books and other relevant documents

Standing Orders in place: Yes

Reviewed: 1/9/2015 (Ref: 2015/133)

Financial Regulations in place: Yes

Reviewed: 4/8/2015 (Ref: 2015/112)

VAT reclaimed during the year: Yes      Registered: No

General Power of Competence: No

*Financial Regulations and Standing Orders in place. Financial Regulations and Standing Orders are in need of updating to include reference to the Public Contracts Regulations 2015.*

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*LGAs137 expenditure is identified within the cash book.*

**Recommendation:** *To update Standing Order No.18 and Financial Regulation No: 11 to incorporate reference to the Public Contracts Regulations 2015. New model Financial Regulations were released by NALC in January 2016.*

**Recommendation:** *To identify LGAs137 expenditure in the minutes.*

## **Risk Assessment**

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes

Data Protection registration: Yes

*Insurance was in place for the year of audit. Insurance has been reviewed (Ref: 2/6/2015 – 2015/51 vi). The Councillor undertaking the review has noted that the accident cover may be too low.*

*The Risk Assessment was reviewed in June 2016. Whilst the Council assesses its risks on an ongoing basis, there has been no formal review of the Risk Assessment carried out during the 2014-2015 or 2015-2016 year of audit.*

**Recommendation:** *To ensure an annual review of the Risk Assessment is undertaken.*

*The Council have satisfactory internal financial controls in place. Cheque stubbs and invoices are initialled by signatories. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.*

Fidelity Cover: £250,000

*The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.*

## **Transparency Code**

Compliance for smaller councils with income/expenditure under £25,000. Smaller authorities should publish on their website from 1 April 2015:

Smaller Council: No – the Council's turnover exceeds £25,000

## **Budgetary controls**

Verifying the budgetary process with reference to council minutes and supporting documents

Precept 2016-2017: £22,366 Date: 2/2/2016 (Ref: 201/256)

*Satisfactory budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The Clerk ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions.*

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<b>Income controls</b>	<p>Precept and other income, including credit control mechanisms</p> <p><i>All were found to be in order. Income controls were checked and income received and banked cross referenced with the Cash Book and bank statements.</i></p>
<b>Petty Cash</b>	<p>Associated books and established system in place</p> <p><i>A satisfactory expenses system is in place with supporting paperwork. No petty cash is held.</i></p>
<b>Payroll controls</b>	<p>PAYE and NIC in place where necessary.  Compliance with Inland Revenue procedures  Records relating to contracts of employment</p> <p>PAYE System in place: <b>Yes</b></p> <p><i>The Council are operating RTI in accordance with HMRC regulations. Payroll is outsourced to Cambridgeshire ACRE. Supporting paperwork is in place.</i></p>
<b>Asset control</b>	<p>Inspection of asset register and checks on existence of assets  Cross checking on insurance cover</p> <p><i>A separate asset register is in place. Values are recorded at cost value.</i></p> <p><b>Recommendation:</b> <i>To add the village sign and the war memorial to the asset register.</i></p>
<b>Bank Reconciliation</b>	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.</i></p>
<b>Year-end procedures</b>	<p>Appropriate accounting procedures are used and can be followed through from working papers to final documents  Verifying sample payments and income  Checking creditors and debtors where appropriate.</p> <p><i>End of year accounts are prepared on a Receipts &amp; Payments or Income &amp; Expenditure Basis. Creditors and Debtors are identified</i></p>
<b>Sole Trustee</b>	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council are a sole trustee of the Fen Ditton Recreation Ground Trust which manages the pavilion and recreation ground. Advice has been sought from ACRE regarding the Trust Deed.</i></p> <p><i>Trust funds have been removed from the Parish Council accounts. Figures for 2014-2015 figures in Section 2 of the Annual Return do not include Trust funds.</i></p>

## Internal Audit Procedures

*There was no evidence that the Council reviewed the effectiveness of the internal audit.*

**Recommendation:** *To carry out a review of the effectiveness of the internal audit. Whilst it is no longer a requirement to minute the review, it remains good practice in order to provide the evidence that a review has been undertaken. The review could form part of the Risk Assessment document.*

*The 2015 Internal Audit report was considered by the Council at a meeting held on 4/8/2015 (Ref: 2015/110).*

## External Audit

*The External Auditor's report was considered by the Council at a meeting held on 3/11/2015 (Ref: 2015/193).*

*The following matters were raised by the External Auditor:*

*'The body did not provide a year end bank reconciliation in support of Section 1 or Section 1 of the prior year, following amendments. The bank reconciliation provided does not add up and has not been adjusted to reflect unrepresented cheques. As a result of this and the amendments made, we have no confidence in the figures in Section 1. Please ensure the correct figures for 2014/2015 are entered when completing the 2015/16 Annual Return. Please also ensure a bank reconciliation is provided in support of the 2015/16 opening position.'*

**Reminder:** *To submit a bank reconciliation for the year ending 2014-2015 in addition to the year ending 2015-2016.*

## Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 5/5/2015, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- It is noted that the minutes of the meeting held on 3/11/2015 have not been initialled, signed and dated. **Recommendation:** To ensure all minutes are initialled, signed and dated by the presiding Chairman.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
13 June 2016

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