

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Saxtead Parish Council – 2016/17**

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

Income: £4,217.36                      Expenditure: £4,299.99                      Reserves: £4,595.21

### Annual Return Completion:

Section One: Yes - signed

Section Two: Yes - 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. LGAs137 is identified as 'donations' in the cash book and year end accounts. 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.*

***Recommendation:** to amend the 'donations' heading to 'LGAs137'. If some grants are given using powers other than LGAs137 a separate 'donations' column can be used in addition to LGAs137.*

**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: 21/6/2017

Financial Regulations in place: Yes

Reviewed: 21/6/2017

VAT reclaimed during the year: Yes      Registered: No

General Power of Competence: No

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*Financial Regulations and Standing Orders in place. Financial Regulations and Standing Orders have been updated to include the Public Contracts Regulations 2015.*

## **Risk Assessment**

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes

Data Protection registration: No

*Insurance was in place for the year of audit. The Risk Assessment and Internal Controls were reviewed on 10/2/2016.*

*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: £25,000

*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: Yes

Website: [www.saxtead.onesuffolk.net](http://www.saxtead.onesuffolk.net)

- a) all items of expenditure above £100  
*Published – Yes – contained within the minutes*
- b) end of year accounts (By 1 July)  
*2016 Annual Return, Section One Published – Yes*
- c) annual governance statement (By 1 July)  
*2016 Annual Return, Section Two Published – Yes*
- d) internal audit report (By 1 July)  
*2016 Annual Return, Section Four Published – No*
- e) list of councillor or member responsibilities  
*Published – Yes*
- f) the details of public land and building assets (By 1 July)  
*Published – No – the council owns no public land or buildings*
- g) Minutes, agendas and meeting papers of formal meetings  
*Published – Yes*

*The Council have yet to meet the requirements of the Transparency Code. Guidance on documents that need to be published can be found on [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/388541/Transparency\\_Code\\_for\\_Smaller\\_Authorities.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388541/Transparency_Code_for_Smaller_Authorities.pdf)*

**Recommendation:** *To publish Section 4 of the Annual Return.*

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## Budgetary controls

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

Precept: £3,750 (2017-2018) Date: 1/12/2016

Precept: £3,500 (2016-2017) Date: 10/12/2015

*The budget was agreed in full council however, the precept decision and amount has not been minuted for the 2017-2018 financial year.*

*Budget papers are prepared but would benefit from having an 'actual spend' column so the council can assess whether or not the previous year's budget was adequate.*

**Recommendation:** *To add an 'actual spend' column in the budget papers.*

**Recommendation:** *To ensure the precept decision and amount is minuted.*

## Income controls

Precept and other income, including credit control mechanisms

*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.*

## Petty Cash

Associated books and established system in place

*A satisfactory expenses system is in place with supporting paperwork.*

## Payroll controls

PAYE and NIC in place where necessary.  
Compliance with Inland Revenue procedures  
Records relating to contracts of employment

PAYE System in place: Yes

*The Council have resolved to outsource payroll services which will comply with operating RTI in accordance with HMRC regulations. Supporting paperwork with regards to PAYE/NI and Tax information should be provided for the internal audit.. The Council are aware of their staging date for the pension regulations and have been advised as part of this internal audit to take the appropriate steps.*

## Asset control

Inspection of asset register and checks on existence of assets  
Cross checking on insurance cover

*A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £ 10,690.*

## Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

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*All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.*

**Year-end procedures** 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.

*End of year accounts are prepared on a Receipts & Payments basis. It is noted that a cheque to HMRC has been written off. The correct way to account for a cheque written in the previous financial year is to write it back into the accounts as a negative payment eg -£165.60.*

**Recommendation:** *To use the correct method for writing back in cheques.*

**Sole Trustee** The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

**Internal Audit Procedures**

*The Council reviewed the effectiveness of the internal audit at a meeting held on 16/5/2016.*

*The Internal Audit report was considered by the Council at a meeting held on 10/2/2017.*

**External Audit**

*There is no evidence that the External Auditor's report was considered by the Council.*

*Section 3 of the 2016 Annual Return has been published on the website, however the external auditor's report was not available for the internal audit. Matters arising from the 2016 external audit were not known for this internal audit report.*

**Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 12/5/2016, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- 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 his assistance during the course of the audit work



**Heather Heelis**  
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23 June 2017

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