

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Blythburgh with Bulcamp & Hinton 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:

Receipts: £9006.62

Payments: £6,843.53

Reserves: £12,042.01

Annual Return Completion:

Section One: *No*

Section Two: *Yes, to be signed by Chair and Minute reference to be added*

Section Four: *Yes, completed by Internal Auditor*

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

The Cashbook statement, which records all items of receipts and payments in the year, is well referenced. Supporting paperwork is in place, is also well referenced and provides a good audit trail. However, the audit trail would be further assisted if the Cashbook statement included an overall total with sub-totals under its individual headings.

VAT payments are tracked and identified within the year end accounts. Payments under Section 137 of the Local Government Act 1972 are separately identified.

A sample of transactions in the Cashbook statement was closely examined and all were found to be in order.

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, Standing Orders were approved by the Council at its meeting on 19 May 2015 (Minute 15/16 refers).*

Financial Regulations in place: *Yes, Financial Regulations were approved by the Council at its meeting on 19 May 2015 (Minute 15/17 refers).*

It is noted that the Standing Orders item 18 'Financial Controls and Procurement' refers to the Public Contract Regulations 2006 (at section f) which have since been replaced by the Public Contract Regulations 2015. The Council agreed at its meeting on 15 March 2016 (Minute 15/159 refers) that Standing Orders and Financial Regulations require up-dating and both are due to be considered at the

meeting in May 2016. The up-dating to the 2015 Regulations can be made at that time.

VAT reclaim: *Re-imburement from HMRC of £804.99 VAT paid from 1 October 2014 to 30 September 2015 was received at bank on 6 November 2015.*

Use of General Power of Competence: *Not applicable.*

Data Protection registration: *Yes, Registration ZA103824 is in place; expires on 3 March 2017.*

Risk Assessment

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: *Yes, the Council's Financial Risk Assessment and Management document was reviewed and adopted by the Council at its meeting on 19 May 2015 (Minute 15/18 refers).*

Insurance was in place for the year of audit, including separate insurance cover for the Village Hall. Employee Dishonesty (Fidelity Guarantee) insurance cover is £50,000 which meets the current guidelines of the year-end balance plus 50% of the precept amount.

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: <http://blythburgh.onesuffolk.net/>

- a) all items of expenditure above £100
Published – Yes
- b) end of year accounts (By 1 July)
2015 Annual Return Published – Yes
- c) annual governance statement (By 1 July)
2015 Annual Return Published – Yes
- d) internal audit report (By 1 July)
2015 Annual Return, Section Four Published – Yes
- e) list of councillor or member responsibilities
Published – Yes
- f) the details of public land and building assets (By 1 July)
Published – Yes
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

Budgetary controls

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

Precept 2015/16: *£6,843*

Date: *18 November 2014 (Minute 14/105 refers)*

Precept 2016/17: *£6,843*

Date: *26 November 2015 (Minute 15/103 refers)*

Good budgetary control procedures are in place. The Precepts were agreed in full Council and the Precept decision and amount has been clearly Minuted. The Clerk ensures the Council is 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.

Income controls

Precept and other income, including credit control mechanisms

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

No Petty Cash is held, an expenses system is in place.

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 is operating Real Time Information in accordance with HMRC regulations. Regular payments have been made to HMRC and a P60 End of Year Certificate for 2015/16 was made available to Internal Audit. Detailed pay slips are produced.*

Asset control

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

An Asset Register is in place. Current requirements provide that each asset should be recorded at its original purchase cost or where the original purchase price is unknown a current value is recorded, which acts as a proxy for the original cost and will remain unchanged until disposal. The total of assets recorded as at 31 March 2016 is £221,626 and is unchanged from the end of the previous year. The value has been correctly placed in Box 9 of Section 2 of the Annual Return.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

The bank statements presented to Internal Audit for the Barclays Community Account and the Barclays Business Saver Account reconciled with the End-of-Year accounts and overall bank reconciliation but only included transactions up to and including 24 March 2016. The End of Year Accounts must reflect the actual bank balances as at 31 March each year.

Recommendation 1: The Bank Reconciliation should be amended, if necessary, to include any bank account transactions during the period 25 March 2016 to 31 March 2016 (in order to reflect the actual bank balances at the Year-End 31 March 2016) prior to the submission of the Annual Return and supporting documentation to the External Auditor.

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.

The End-of-Year accounts are prepared on a Receipts and Payments basis; sample audit trails were undertaken and were found to be in order.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

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

The Internal Audit report for the previous year (2014/15) was considered by the Council at the meeting held on 17 November 2015 (Minute 15/83 refers).

External Audit

The External Auditor's report for 2014/15 was considered by the Council at the meeting held on 15 September 2015 (Minute 15/63 refers). There were no matters raised by the External Auditor in relation to the 2014/15 year.

Additional Comments

- *The Annual Parish Council meeting was held on 19 May 2015, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.*
- *I would like to record my appreciation to the Clerk to the Council for his assistance during the course of the audit work.*

**Trevor Brown
for
Heelis & Lodge**

10 May 2016