

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Blythburgh with Bulcamp & Hinton Parish Council – 2017/18

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

Receipts: £14,784.39

Payments: £19,444.11

Reserves: £11,077.58

AGAR Completion:

Section One: *No*

Section Two: *Yes, to be signed by Chairman*

Annual Internal Audit Report: *Yes, completed by Internal Auditor*

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

The Cashbook Spreadsheet, which records 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.

A sample of transactions in the Cashbook Spreadsheet was closely examined. One minor mis-casting was identified viz. the VAT element of £138.60 within the Account for £831.60 (paid to Suffolk Coastal Norse on 13 March 2018, cheque number 101158) had been recorded as £136.60 in the Cashbook Spreadsheet and requires correction.

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

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 agreed and adopted by the Council at its meeting on 16 May 2017 (Minute 17/16 refers).*

Financial Regulations in place: *Yes, Financial Regulations were agreed and adopted by the Council at its meeting on 16 May 2017 (Minute 17/17 refers).*

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VAT reclaim: *Re-imburement from HMRC of £1,830.36 VAT paid from 1 October 2016 to 30 September 2017 was received at bank on 9 November 2017. The receipt was reported to Council at its meeting on 9 January 2018 (Minute 17/103 refers).*

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

Data Protection registration: *Yes, Registration ZA103824 is in place; expires on 3 March 2019.*

There was no record of any tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

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 16 May 2017 (Minute 17/18 refers).*

Data Protection

The new General Data Protection Regulations will come into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. It is advised that the new Data Protection Regulations should form part of the Council's Risk Assessment.

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, listed within the Council's Minutes
- b) annual governance statement (By 1 July)
2016/17 Annual Return Published – Yes
- c) end of year accounts (By 1 July)
2016/17 Annual Return Published – Yes
- d) annual internal audit report (By 1 July)
2016/17 Annual Return 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 (the Asset Register published requires up-dating)
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

The Council is complying with the Transparency Code.

Budgetary controls

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

Precept 2017/18: *£6,843*

Date: *15 November 2016 (Minute 16/110 refers)*

Precept 2018/19: *£7,390*

Date: *14 November 2017 (Minute 17/85 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 received and banked was cross referenced on a sample basis with the Cashbook Spreadsheet and bank statements and found to be in order.

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: *The Council is operating the Payroll in-house in accordance with HMRC regulations. Regular payments have been made to HMRC. 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 a consistent value, year-on-year. The Register displays values at original purchase cost or a proxy cost where the original purchase price is unknown.

The total of assets recorded as at 31 March 2018 is £222,894 and reflects the acquisition in the year of account of a notice board, car park signs, tables for the Village Hall and the Westcotec Data Logger together with the removal from the Register of 20 tables in the Village Hall. 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 Barclays bank statements reconciled with the end of year accounts and the overall bank reconciliation for all accounts.

Reserves General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council has adequate general reserves.

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 Book counterfoils and invoices/vouchers for payment 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 (2016/17) was considered and approved by the Council at the meeting held on 12 September 2017 (Minute 17/66 refers). The following matters had been raised in the report:

- a) The Cashbook, End-of-Year Accounts, Bank Reconciliation and Annual Return were required to be amended, as necessary, to reflect all transactions up to and including 31 March.*
- b) The Council should meet the requirements of the Transparency Code.*

External Audit

The External Auditor's final report for 2016/17 was presented to the Council at the meeting held on 14 November 2017 (Minute 17/82 refers). There were no matters raised by the External Auditor in relation to the 2016/17 year.

Additional Comments

- *The Annual Parish Council meeting was held on 16 May 2017, within the required timescale. The first item of business was the Election of Chairman, in accordance with the Local Government Act 1972.*
- *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

Trevor Brown
for
Heelis & Lodge

23 April 2018

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