

# HEELIS & LODGE

Local Council Services • Internal Audit

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

Receipts: £58,860.99

Payments: £69,760.24

Reserves: £56,677.13

### Annual Return Completion:

Section One: *Yes*

Section Two: *Yes*

Section Four: *Yes, completed by Internal Auditor*

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

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

*The Cashbook is very well referenced and provides a clear audit trail. Supporting paperwork is in place and well referenced. VAT payments and the payments made under the Local Government Act 1972 Section 137 are tracked and identified within the End-of-Year accounts.*

*A sample of transactions was closely examined and no areas of concern were 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/Financial Regulations in place: *Yes, both were approved by the Council at its meeting on 9 May 2016 (Minute 16.8 refers).*

VAT reclaimed: *Reimbursement from HMRC of £973.93 VAT paid during the year 2015/16 was received at bank on 25 April 2016.*

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

Data Protection registration: *The Council is registered with the Information Commissioner's Office for the provision of Council services (Registration Number Z8543049, which expires on 22 July 2017, refers).*

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Heather Heelis Dip HE Local Policy PILCM

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Code of Conduct: *The Suffolk Local Code of Conduct was adopted by the Council at its meeting on 18 May 2015 (Minute 15.10.4 refers).*

## **Risk Assessment**

Review by Council of the effectiveness of internal controls, including risk assessment, and minuted accordingly

*The Council's Statement of Internal Controls and the Review of Effectiveness of Internal Control document, including the Risk Assessment Policy, was reviewed and adopted by the Council at its meeting on 13 March 2017 (Minutes 16.7 and 16.13 refer).*

*The Council accordingly complied with the Accounts and Audit Regulations which require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review being formally reported in the Minutes of the Council meeting.*

*The Council demonstrates good risk management practice, including an agenda item at meetings of the Council for the review of risk assessment issues relating to the Community Centre Play Park/Fitness Track, Westhall Play Park, Cemetery and Permissive Path. An annual RoSPA safety inspection is also undertaken.*

*Insurance was in place for the year of audit. The annual renewal was considered and accepted by the Council at its meeting on 12 September 2016 (Minute 16.7 refers). The level of Fraud and Dishonesty (Fidelity Guarantee) cover is £150,000 which meets the current recommended guidelines of year end balances plus 50% of the precept.*

## **Budgetary controls**

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

Precept 2016/17: *£29,967 (Council meeting on 11 January 2016, Minute 15.8.5 refers).*

Precept 2017/18: *£31,480 (Council meeting on 9 January 2017, Minute 16.9 refers).*

*Satisfactory budgetary 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.*

<b>Income controls</b>	<p>Precept and other income, including credit control mechanisms</p> <p><i>Income controls were checked and income received and banked was cross referenced on a sample basis with the Cashbook and bank statements.</i></p>
<b>Petty Cash</b>	<p>Associated books and established system in place</p> <p><i>No Petty Cash held; an expenses system is in place.</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: <i>Yes, a PAYE system is in place and the Council is operating Real Time Information in accordance with HMRC regulations.</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>An Asset Register is in place; as at 31 March 2017 the Register displays a total cost value of £50,198.75, an insurance value of £89,821 and a further Asset Value (a combination of both the previous values) of £50,793.</i></p> <p><i>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 value of total of assets to be recorded in Box 9 of Section 2 of the Annual Return should comply with these requirements.</i></p> <p><i>The amount of £50,793 has been placed in Box 9 of Section 2. This figure includes some insurance values for assets which have been donated at no cost, including Public Seating on the Playing Field in Wilby Road.</i></p> <p><b><i>Recommendation 1: The Council should ensure that Box 9 of Section 2 of the Annual return includes items valued at cost (or proxy cost if actual cost unknown) in accordance with the requirements detailed above.</i></b></p>
<b>Bank Reconciliation</b>	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>The Unity Trust Bank Statements as at 31 March 2017 agreed with the End-of-Year Accounts and Bank Reconciliation.</i></p>

**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 all were found to be in order.*

**Internal Audit Procedures**

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

*The Internal Audit for the previous year (2015/16) recommended that the Council should identify and document all the risks associated with the Council's activities (including all uses/users of Council land and property) and detail all the internal control mechanisms in place, financial and otherwise, that minimise the risks involved. This matter has since been addressed.*

*The Council appointed Heelis & Lodge as its Internal Auditors for the year 2016/17 at the meeting held on 13 March 2017 (Minute 16.8.3 refers).*

**External Audit**

*The External Auditor's report for 2015/16 was considered by the Council at its meeting on 10 October 2016 (Minute 16.8.4 refers). The Council noted that there were no additional action points other than those already highlighted during the internal audit.*

**Additional Comments**

- *The Annual Parish Council meeting was held on 9 May 2016, 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 her assistance during the course of the audit work.*



**Trevor Brown  
for  
Heelis & Lodge**

18 April 2017

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