

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Peasenhall Parish Council – 2014/15**

Receipts: £10,279.09

Payments: £10,314.97

Reserves: £15,847.67

### Annual Return Completion:

Section One: *Yes (in draft, to be signed/dated by RFO and Chair)*

Section Two: *No (to be completed and signed/dated by Chair and Clerk)*

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

*All was found to be in order. The Cash Book is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. A sample of transactions was closely examined and all were found to be in order.*

*Local Government Act 1972 Sect. 137 payments and VAT payments are tracked and identified within the Cash Book.*

**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, the Council adopted Standing Orders at its meeting on 3 December 2013 (Minute 5 refers) and these were amended by the Council at its meeting on 17 March 2015 (Minute 3 refers).*

*Financial Regulations in place: Yes, the Council updated and approved Financial Regulations at its meeting on 14 July 2014 (Minute 8 refers).*

*VAT reclaimed during the year: Yes, a re-claim of £650.70 was made to HMRC and was received at bank on 2 June 2014.*

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

Code of Conduct: *The revised Suffolk Local Code of Conduct was adopted by the Council at its meeting on 15 July 2014 (Minute 2 refers).*

Data Protection registration: *No Registration for the provision of council services has been made (see Internal Audit Procedures item below).*

## **Risk Assessment**

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: *Yes, a Risk Assessment was carried out by Councillors in February 2014 and reported to the Council at its meeting on 4 March 2014 (Minute 7 refers).*

*The Council also reviewed the governance arrangements in operation at its meeting on 4 March 2014 and agreed that the financial checks and controls in place were satisfactory (Minute 6 refers).*

*Whilst the Council reviewed the effectiveness of its risk assessment and internal control arrangements shortly before the 2014/15 financial year and intends to undertake a similar review in June 2015, the Accounts and Audit Regulations require that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk, and the Minutes of the Council must formally record that the review has taken place. Accordingly,*

***Recommendation 1: To comply with the Accounts and Audit Regulations the Council should formally consider its Internal Control arrangements, including its Risk Management arrangements, and Minute the review accordingly, during the 2015/16 year.***

*Insurance was in place for the year of audit but the detailed schedules were not made available to Internal Audit. Accordingly Internal Audit is unable to confirm that the level of Fidelity Guarantee (Employee Dishonesty) cover meets the 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 for 2014/15: *£8,500, approved at the Council's meeting on 28 January 2014 (Minute 7 refers).*

Precept for 2015/16: *£8,500, approved at the Council's meeting on 20 January 2015 (Minute 8 refers).*

*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 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

*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

*Petty Cash is not 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, Payroll is out-sourced to Van Dijk Accountants. Detailed pay slips are produced and regular payments have been made to HMRC.*

**Asset control**

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

*The Asset Register was not made available to Internal Audit. Box 9 of Section 1 of the Annual Return (the relevant value of total fixed assets) shows a value of £23,869 at 31 March 2015 (the same figure as at the end of the previous year).*

**Bank Reconciliation**

Regularly completed and cash books reconcile with bank statements

*All was in order. The bank statements reconciled with the end of year accounts and the bank reconciliations for the Barclays Community Account and the Barclays Tracker Account.*

**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 and Payments basis and were all in order. Sample audit trails were undertaken and all 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 available 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.*

*The Internal Audit for 2013/14 put forward the following recommendation:*

- 1. The Council should confirm with the Information Commissioner's Office whether it is necessary for the Council to be registered with the Commission as a Data Controller (personal data held by the Council, including that relating to staff and the cemetery, may be relevant in terms of a requirement to register). There is no formal record that this has been considered by the Council; accordingly the recommendation remains outstanding.*

**External Audit**

*No matters of concern were raised by the External Auditors in relation to the 2013/14 year.*

**Additional Comments**

- The Annual Parish Council meeting was held on 6 May 2014, 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  
Heelis & Lodge**

30 May 2015