

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Huntingfield 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:

Income: £30,906      Expenditure: £32,126      Reserves: £ 24,169

#### AGAR Part 3 Completion:

Section One: **No**

Section Two: **No**

Annual Internal Audit Report 2017/18: **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 except a contra entry for £1,700 between the Hub and Parish Council sections of the cashbook. In order to demonstrate that the amount moved from the Hub to the PC all the supporting documents are inflated by this amount. However, the Clerk has correctly removed this amount when preparing the Receipts and Payments and Bank Reconciliation for the 31<sup>st</sup> March 2018. LGA s137 and 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.*

**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: **8<sup>th</sup> November 2017 (Minute 17/20)**  
Financial Regulations in place: **Yes**  
Reviewed: **18<sup>th</sup> September 2017 (Minute 17/05g)**

VAT reclaimed during the year: **Yes**                      Registered: **No**

General Power of Competence: **No**

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

*There were no 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  
Compliance with Data Protection regulations

Risk Assessment document in place: Yes

Data Protection registration: Yes

### **Data Protection**

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

*Insurance was in place for the year of audit. The Risk Assessment was reviewed on 8<sup>th</sup> November 2017 (Minute 17/20). Internal controls were reviewed on 14<sup>th</sup> March 2018 (Minute 17/46e).*

*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: £150,000

*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: No - but the council does publish information on its website as if its income / expenditure is under £25,000 so the following gives the opinion on the content. The council is commended for taking this approach to the Transparency Code.

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

- a) all items of expenditure above £100  
*Published – Yes*
- b) annual governance statement (By 1 July)  
*2017 Annual Return, Section One Published – Yes*
- c) end of year accounts (By 1 July)  
*2017 Annual Return, Section Two Published – Yes*
- d) internal audit report (By 1 July)  
*2017 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*

*The Council is not subject to the requirements of the Transparency Code for smaller Councils.*

## Budgetary controls

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

Precept: £4,304.85 (2017/2018) Date: 16<sup>th</sup> January 2017 (Minute 010.17)  
Precept: £6,000.00 (2018/2019) Date: 8<sup>th</sup> November 2017 (minute 17/18e)

*Satisfactory budgetary procedures are in place. The precept was agreed in full council but the precept decision for 2017/2018 and amount has not been minuted. For the 2017/2018 Precept the minutes accurately reflect the budgetary process and Precept decision. The Clerk ensures the council are 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. Budgets are monitored during the year.*

## 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.*

<b>Petty Cash</b>	<p>Associated books and established system in place</p> <p><i>No Petty Cash held</i>  <i>A satisfactory expenses system is in place with supporting paperwork.</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: <b>Yes</b></p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place but no P60's have been produced as part of the year end process. The Council are aware of the pension regulations and have taken the appropriate steps.</i></p> <p><b>Recommendation (1):</b> <i>Copy of P60 to be maintained in Audit File as part of year-end process.</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>A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £ 661,142.</i></p>
<b>Bank Reconciliation</b>	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.</i></p>
<b>Reserves</b>	<p>General Reserves are reasonable for the activities of the Council  Earmarked Reserves are identified</p> <p><i>The Council have adequate general reserves.</i></p>
<b>Year-end procedures</b>	<p>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.</p> <p><i>End of year accounts are prepared on a Receipts &amp; Payments Basis.</i></p>
<b>Sole Trustee</b>	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is not a sole trustee.</i></p>

## **Internal Audit Procedures**

*The Council reviewed the effectiveness of the internal audit at a meeting held on 14<sup>th</sup> March 2018 (Minute 17/46e).*

*The Internal Audit report was not considered by the Council at a meeting held during the audit year.*

*Heelis & Lodge were appointed Internal Auditor at a meeting held on 14<sup>th</sup> March 2018 (Minute 17/46c).*

***Recommendation (2):*** *It is a requirement to review the Internal Report when received and minute the actions that the council is to take.*

## **External Audit**

*The External Auditor's report was considered by the Council at a meeting held on 8<sup>th</sup> November 2017 (Minute 17/18d).*

*The following matters were raised by the External Auditor:  
Wrong figures on the Accounts were corrected and re-submitted to BDO.*

## **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 19/5/2017, 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 her assistance during the course of the audit work



**Dave Crimmin PSLCC**  
**Heelis & Lodge**  
3<sup>rd</sup> May 2018