

# HEELIS&LODGE

Local Council Services • Internal Audit

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

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

Income: £4,894.95                      Expenditure: £4,405.34                      Reserves: £3,730.23

### Annual Return Completion:

Section One: **Yes - signed**

Section Two: **Yes - signed**

Section Four: **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. There were no LGAs137 payments made during the year of audit. VAT on payments are identified in the cashbook but are not identified within the year end accounts. Figures in the year end accounts are presented as gross as opposed to net.*

**Recommendation:** *To present the payments in the year end accounts as net with VAT separated out.*

**Clerk's response:** *This would not be particularly difficult so I suggest council accept this recommendation.*

**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: **11/8/2016**

Financial Regulations in place: **Yes**

Reviewed: **27/4/2015**

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

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General Power of Competence: No

*Financial Regulations and Standing Orders in place. VAT has been recovered for the period 1/1/2015 – 28/2/2017.*

**Recommendation:** *To update Standing Orders to incorporate reference to the Public Contracts Regulations 2015 and remove reference to the Power of Wellbeing which has been replaced with the General Power of Competence. New Model Standing Orders can be obtained from the National Association of Local Councils.*

**Clerk's response:** *This is considerable work but necessary. I suggest council accept this recommendation.*

**Recommendation:** *To update Financial Regulations to incorporate reference to the Public Contracts Regulations 2015. New Model Financial Regulations can be obtained from the National Association of Local Councils.*

**Clerk's response:** *Cllrs will be aware this adjustment has already been approved. No action required.*

## Risk Assessment

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes

Data Protection registration: No

*Insurance was in place for the year of audit. The Risk Assessment was reviewed on 11/8/2016 (Ref: 9).*

**Recommendation:** *To update the Risk Assessment with regards to the level of Fidelity cover.*

**Clerk's response:** *These figures have been updated in the assessment to be reviewed at the August meeting. I propose the 2018 risk assessment review is taken at the November meeting (and that becomes the review anniversary) to allow for new insurance figures (the annual policy starts in October).*

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: Yes

Website: <http://kettleburgh.onesuffolk.net/>

a) all items of expenditure above £100

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- Published – Yes*
- b) end of year accounts (By 1 July)  
*2016 Annual Return, Section One Published – Yes*
  - c) annual governance statement (By 1 July)  
*2016 Annual Return, Section Two Published – Yes*
  - d) internal audit report (By 1 July)  
*2016 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 have met the requirements of the Transparency Code*

### **Budgetary controls**

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

Precept: £3,292

Date: 12/11/2015 (Ref: 12. d)

*Satisfactory budgetary procedures are in place. The precept was agreed in full council however the precept decision and amount has not been clearly minuted. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions.*

***Recommendation:*** *To minute the precept decision and amount.*

***Clerk's response:*** *I will ensure this is clear in future minutes.*

### **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

*A satisfactory expenses system is in place with supporting paperwork.*

### **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 continue to operate RTI in accordance with HMRC regulations.*

**Recommendation:** *The Council should be aware of their staging date for the pension regulations and have taken the appropriate steps to complete their Declaration of Compliance.*

**Clerk's response:** *The council are aware of their staging date and an appropriate declaration have been performed by Debbie at The Chequers who voluntarily performs council payroll duties.*

## **Asset control**

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

*A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £8,109. The asset register was reviewed on 11/8/2016 (Ref: 9).*

**Recommendation:** *To update the Asset Register to represent the value at 31/3/2017.*

**Clerk's response:** *This is just an anniversary issue as at the time of audit the register was dated 2016. I suggest the council agree to reviewing the asset register at the annual meeting in May from 2018 onwards. It will be reviewed this year in August as it is an annual requirement.*

- Bank Reconciliation** Regularly completed and cash books reconcile with bank statements
- All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.*
- Balances at the bank at 31/3/2017 were confirmed as:*
- |  |                  |
|--|------------------|
| <i>Barclays current account</i>          | <i>£1,614.77</i> |
| <i>Barclays business premium account</i> | <i>£2,152.66</i> |
- It is noted that interest has ceased on the business premium account and that bank statements will only be produced by the bank when there is movement in the account. Therefore the balance at 29/12/2016 is confirmed.*
- 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 & Payments basis.*
- Sole Trustee** The Council has met its responsibilities as a trustee
- The Council is not a sole trustee.*
- Internal Audit Procedures**
- The Council reviewed the effectiveness of the internal audit at a meeting held on 10/11/2016 (Ref: 9).*
- There is no evidence in the minutes that the 2016 Internal Audit report has been considered by the Council.*
- Heelis & Lodge were appointed Internal Auditor at a meeting held on 23/2/2017 (Ref: 12).*
- Recommendation:** To ensure that the Internal Audit report is considered by the Council.
- Clerk's response:** *Previously internal audit reports were not produced and so could not be considered. This will be standard operating procedure henceforth.*
- External Audit**
- The External Auditor's report was considered by the Council at a meeting held on 11/8/2016 (Ref: 11) and 10/11/2016 (Ref: 10. c).*
- There were no matters raised by the External Auditor in relation to the 2015-2016 External Audit.*

## **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 12/5/2016, within the required timescale. The first item of business should be the Election of Chairman, in accordance with Standing Orders, as opposed to Members' Declaration of Interests. **Recommendation:** To ensure Election of Chairman is the first item on the agenda of the Annual Parish Council meeting.

**Clerk's response:** *I suggest the council overturn a previous decision to adopt this recommendation.*

- Minute items are consecutively numbers throughout the year in accordance with keeping loose-leaf minutes.

**Clerk's response:** *I suggest the council agree to adopt this legal requirement from the start of 2018.*

- 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 his assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
15 June 2017