

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Levington and Stratton Hall Parish Council – 2015/16

Receipts: £7,756.68

Payments: £20,744.03

Reserves: £8,162.96

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 receipts and payments listed in the Cash Book are well referenced and provide a clear audit trail. Supporting paperwork is in place and well referenced. VAT payments are tracked and identified within the year end accounts. There were no Local Government Act 1972 Section 137 payments listed for the year.

A sample of transactions in the Cash Book was closely examined and found to be in order.

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: *Standing Orders were re-adopted by the Council at the meeting on 8 March 2016 (Minute 6 (a) refers).*

It is noted that the Standing Orders item 'Financial Controls and Procurement' refers to the Public Contract Regulations 2006 (at section 18 f) which have been replaced by the Public Contract Regulations 2015.

Recommendation 1: The Council's Standing Orders should be up-dated during 2016/17 to include reference to the Public Contract Regulations 2015.

Financial Regulations in place: *Financial Regulations were revised and adopted by the Council at the meeting held on 8 March 2016 (Minute 6 (b) refers).*

VAT reclaimed during the year: *A claim to HMRC for £105.46 covering the period 1 April 2014 to 31 March 2015 was received at bank on 21 May 2015. A claim to HMRC for £587.44 covering the period 1 April 2015 to 31 March 2016 is dated 1 May 2016.*

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

Minutes of Council Meetings: *The Council's Minutes are well presented and provide a clear record of the Council's actions and decisions.*

Data Protection registration: *Registration ZA065556 is in place; expires on 12 August 2016.*

Risk Assessment

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

A Risk Register is in place and includes identification of risks, how those risks will be managed and the mitigating actions in place to minimise the risks involved. The Register was presented to, and approved by, the Council at the meeting held on 8 March 2016 (Minute 6 (c) refers).

Insurance was in place for the year of audit. The Fidelity Guarantee (Employee Dishonesty) Cover is £150,000 which meets the current recommended guidelines viz. cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

Transparency Code

Compliance for smaller councils with income/expenditure under £25,000.

Smaller Council: *Yes*

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

Smaller authorities should publish on their website from 1 April 2015:

- a) all items of expenditure above £100
Published – Yes
- b) end of year accounts (By 1 July)
2015 Annual Return, Section One Published – No
- c) annual governance statement (By 1 July)
2015 Annual Return, Section Two Published – No
- d) internal audit report (By 1 July)
2015 Annual Return, Section Four Published – No
- e) list of councillor or member responsibilities
Published – Yes
- f) the details of public land and building assets (By 1 July)
Published – No
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

Regarding item b), c) and d) above, the Code requires the publication of Parts 1, 2 and 4 of the Annual Return. Accordingly the Council has yet to fully meet the requirements of the Transparency Code. Guidance on documents that need to be published can be found on:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388541/Transparency_Code_for_Smaller_Authorities.pdf

Recommendation 2: The Council should meet the requirements of the Transparency Code in full in accordance with the attached guidance as soon as practically possible.

Budgetary controls

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

Precept 2015/16: *£6,100 (includes Council Tax Support Grant of £53).*

Satisfactory budgetary procedures are in place. The precept was agreed in full Council and the precept decision and amount has been clearly Minuted (Meeting on 13 January 2015, Minute 5 (f) refers). 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 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

No petty cash 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 Real Time Information in accordance with HMRC regulations. Payments are being made to HMRC.*

Asset control

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

An Asset Register is in place and complies with the current requirements. These provide that each asset should be recorded at its original purchase cost or where the original purchase price is unknown at the time of first recording on the asset register, a current value is recorded, which acts as a proxy for the original cost and will remain unchanged until disposal.

The total value of assets is listed as £9,581 as at 31 March 2016 and reflects the deletion of the HM Treasury 2.1/2 Consolidated Stock long term investment and the acquisition of a gas-powered beacon in the year of account.

Bank Reconciliation Regularly completed and cash books reconcile with bank statements

The bank statements for the Barclays Community Account and Business Saver Account reconciled with the End-of-Year accounts and agreed with the bank reconciliation.

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; 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

Cheque stubs and invoices/vouchers are initialled by signatories. Payments are listed in the Council's Minutes as part of the overall financial control framework. The Clerk provides comprehensive financial reports to council meetings and Councillors are provided with information to enable them to make informed decisions.

The Internal Audit Report for 2014/15 was considered by the Council at its meeting on 14 July 2015 (Minute 5 (b) refers). No matters of concern had been raised in respect of the 2014/15 year.

External Audit

Details of the External Audit report for 2014/15 was presented to the Council by the Clerk on 8 September 2015 (Minute 5 (b) refers). No matters of concern were raised by the External Auditors.

Additional Comments

- *The Annual Parish Council meeting was held on 19 May 2015, within the required timescale. The first item of Council 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 the assistance provided during the course of the audit work.*

**Trevor Brown
for
Heelis & Lodge**

8 June 2016