

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Ingatestone and Fryerning 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: £206,987                      Expenditure: £160,996                      Reserves: £247,651

### Annual Return Completion:

Section One: No

Section Two: Yes – to be 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. VAT payments are tracked and identified within the year end accounts. LGAs137 is not used as the Council have the General Power of Competence. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. The Clerk keeps good records providing a clear audit trail.*

**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: 12/5/2016 (Ref: 102/16)

Financial Regulations in place: Yes

Reviewed: 12/5/2016 (Ref: 101/16)

VAT reclaimed during the year: Yes      Registered: Yes

General Power of Competence: Yes

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

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*Committee Terms of Reference have been reviewed during the year.*

*Quarterly VAT returns have been submitted and supporting paperwork is in place.*

## **Risk Assessment**

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes

Data Protection registration: Yes

*Insurance was in place for the year of audit. The policy was reviewed on 12/5/2016 (Ref: 100/16). The following Risk Assessment were reviewed on 2/2/2017 (Ref:FC17/029):*

- *Fairfield, Fryerning Cemerery*
- *Parish Office*
- *Planning Committee*
- *Business Continuity*
- *Financial Risk Assessments*

*The Council have good 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: £190,000

*The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept.*

***Recommendation:*** *To review Fidelity Cover in line with 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

*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: £156,100 (2017-2018) Date: 5/1/2017 (Ref: FC17/012)

Precept: £135,348 (2016-2017) Date: 7/1/2016 (Ref: 008/16)

*Good 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 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.*

*The Budget & Reserves Policy was reviewed at a meeting held on 3/3/2017 (Ref: FC17/049).*

### **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 petty cash system is in place with supporting paperwork. The account is reconciled on a monthly basis. A selection of receipts and entries between April 2016 and March 2017 were examined.*

### **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 outsourced to J&M Payroll Services Ltd. The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and P60s have been produced as part of the year end process. The Council are aware of their staging date for the pension regulations and have taken the appropriate steps. The Confirmation of Declaration has been completed. The Council are signed up to the LGPS.*

### **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 £164,518.*

### **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.*

*Bank balances at 31/3/2017 were confirmed as:*

*Barclays current account xxxx6252      £97,658.64  
Business saver account xxxx6260      £nil (Account closed May 2016)*

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*Barclays community account xxxx0248 £1,840.53*  
*Yorkshire Building Society account £75,000*  
*Nationwide Building Society account £75,000*

*Two new accounts were opened during the year with the Yorkshire BS and the Nationwide BS. It is noted that the Yorkshire BS annual statement relates to the tax year, however, interest may be paid on 31 March.*

***Recommendation:*** *To ensure interest is accounted for in the correct year.*

**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 an Income & Expenditure Basis. Creditors and Debtors are identified.*

**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 20/3/2017 (Ref: PR17/0440).*

*The Internal Audit report was considered by the Council at a meeting held on 2/6/2016 (Ref: 109/16).*

*Heelis & Lodge were appointed Internal Auditor at a meeting held on 20/3/2017 (Ref: PR17/044).*

**External Audit**

*The External Auditor's report was considered by the Council at a meeting held on 1/9/2016 (Ref: 162/16).*

*The following matters were raised by the External Auditor:*

- *To address the two entries in the cash book relating to historic VAT accounting errors.*

*It is noted that the External Auditor has agreed to draw a line under the matter.*

### **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 12/5/2016, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- **Reminder:** to include the year in the date of the meeting of minutes.
- 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



**Heather Heelis**  
**Heelis & Lodge**  
25 May 2017

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