

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Walberswick Parish Council – 2013/14**

Receipts: £16,408.05

Payments: £8,188.61

Reserves: £13,015.73

### 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 Cash Book for the year 2013/14 is very well referenced and provides a clear audit trail. Supporting paperwork is in place and well referenced. VAT payments are tracked and identified within the End-of-Year accounts. There are no payments recorded under the Local Government Act 1972 Section 137.*

*All totals of individual items of receipts and payments in the Cash Book were correctly entered into the Receipts and Payments Account. A sample of transactions was closely examined and found to be in order.*

*Items in the Cash Book were verified to the bank statements. The Cash Book maintained a good and accurate financial record. Invoices and supporting vouchers were examined on a test basis and were found to be well referenced and in good 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: *Yes, reviewed and adopted by the Council at the meeting held on 3 February 2014 (Minute 6 refers).*

Financial Regulations in place: *Yes, reviewed and adopted by the Council at the meeting held on 3 March 2014 (Minute 7 refers).*

VAT reclaimed: *Re-imburement from HMRC was last received at bank on 26 March 2013 (£325.81). The VAT paid during the year 2013/14 (£238.94) is available for re-claim from HMRC.*

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

Adoption of the 2012 Code of Conduct: *The Council adopted the 2012 Code of Conduct at a meeting held on 9 July 2012 (Minute 7 refers).*

Data Protection registration: *Yes, Registration Number Z3025204, which expires on 25 January 2015.*

## **Risk Assessment**

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

*The Council's Risk Assessment and management document was amended at the Council's meeting on 1 October 2012 (Minute 7 refers) and considered, line by line, at the meeting on 4 March 2013, when it was agreed that no changes were required (Minute 6 refers).*

*The Clerk produced a written report for Councillors on Internal Controls at the Council meeting held on 4 February 2013 (Minute 7 refers). Important areas of control were highlighted and the Council agreed the actions to be taken to mitigate the risks identified.*

*Internal Audit was unable to identify any record of the Council reviewing the Internal Control arrangements and Risk Assessment documents in the year of account 2013/14.*

*The Accounts and Audit Regulations 2011 require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, which includes the arrangements for management of risk. The review must be Minuted accordingly.*

***Recommendation 1: In order to comply with the Accounts and Audit Regulations 2011, during the 2014/15 year the Council should formally review its Internal Control arrangements, including its Risk Management arrangements and documentation, and Minute the review accordingly.***

*There was an independent review in the year undertaken by RoSPA (through Playsafety Ltd) of the Play Areas. RoSPA's report was considered by the Council at its meeting on 4 November 2013 (Minute 9 refers).*

*Insurance was in place for the year of audit. The Fidelity Guarantee (Employee Dishonesty) Cover is £25,000, 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. The Council reviewed the level of Fidelity Guarantee insurance cover at the meeting held on 20 May 2013 and agreed to retain the cover of £25,000 (Minute 9c refers).*

## **Budgetary controls**

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

Precept 2013/14: *£16,000*

*Good budgetary procedures are in place and the Clerk provided detailed financial information to the Council to ensure well informed decision-making takes place. The precept decision for 2013/14 was agreed in full Council and clearly minuted (Council meeting on 7 January 2013, Minute 6 refers).*

*Suffolk Coastal District Council advised the Council that the Precept of £16,000 included Government grant funding of £117.00. For the purposes of Box 2 of Section 1 of the Annual Return, the Precept amount should be shown net of any grant. Accordingly, Box 2 should be displayed as £15,883 and the grant of £117 included in Box 3 (Total Other Receipts).*

***Recommendation 2: Section 1 of the Annual Return should be corrected in accordance with the above and all amendments initialled by the RFO and Chair prior to the submission of the Return to the External Auditors.***

## **Income controls**

Precept and other income, including credit control mechanisms

*Income controls were checked and income received/banked was cross referenced with the Cash Book and bank statements. Sample audit trails were undertaken and were found to be in order.*

*Allotment Rents were reviewed by the Council at the meeting held on 4 November 2013 (Minute 10 refers).*

## **Petty Cash**

Associated books and established system in place

*No Petty cash is 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: *Payroll services are operated for the Council by SALC. PAYE is in operation.*

**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 displays a total value of £70,191, a reduction of £50,745 from the value recorded at the end of the previous year, 31 March 2013.*

*Current valuation requirements 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.*

**Recommendation 3:**

- (a) The details of the reduction in the overall asset value from £120,936 as at 31 March 2013 to £70,191 as at 31 March 2014 should be clearly identified and documented in the Asset Register.**
- (b) During the year 2014/15 the Council should confirm that the valuation of assets recorded in the Register complies with the current valuation requirements as set out above.**

**Bank Reconciliation**

Regularly completed and cash books reconcile with bank statements

*The bank statements for the Lloyds Bank Business Instant Access Account and the Lloyds Treasurers 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.

*The 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**

*The Parish Council has satisfactory internal financial controls in place. Cheque stubs and invoices are initialled by signatories. The Clerk provided financial reports to Council meetings.*

## **Additional Comments**

- *The Annual Parish Council meeting was held on 20 May 2013, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.*

**Trevor Brown**  
***Heelis & Lodge***

25 July 2014