

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Walberswick Parish Council – 2012/13

Receipts: £16,515.58

Payments: £18,212.07

Reserves: £4,796.29

Annual Return Completion:

Section One: Yes, draft figures entered

Section Two: No

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

All was found to be in good order. The Cash Book 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 year end accounts. There are no payments recorded under the Local Government Act 1972 s137.

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 all were found to be in order. The Clerk maintains good and accurate financial records.

Items in the Cash Book were verified to the bank statements. 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, adopted by the Council on 7 March 2011 and reviewed/revised at the Council's meeting on 14 May 2012 (Minute 7 refers) and 1 October 2012 (Minute 8 refers).

Financial Regulations in place: Yes, adopted by the Council on 5 December 2011 and reviewed and agreed at the Council's meeting on 14 May 2012 (Minute 8h refers).

VAT reclaimed during the year: Yes, re-imburements were received from HMRC at bank on 1 May 2012 (£517.44) and on 26 March 2013 (£325.81).

Adoption of the General Power of Competence: No

Risk Assessment

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

The Risk Assessment and management document was studied line by line and amendments made at the Council's meeting on 3 April 2012. After the completion of the review the document was agreed by the Council (Minute 4 refers). The 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.

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.

There was an independent review in the year undertaken by RoSPA (through Playsafety Ltd) of The Common and Village Green Play Areas. RoSPA's report was considered by the Council at its meeting on 4 February 2013 (Minute 13 refers).

Insurance was in place for the year of audit. The Fidelity 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. There was separate insurance cover for the Walberswick Pavilion.

Budgetary controls

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

Precept: £16,000 (£2,000 of which was advanced in the 2011/12 year)

Good budgetary procedures are in place and the Clerk provides detailed financial information to the Council to ensure well informed decision-making takes place. The precept decision for 2012/13 was agreed in full Council and clearly minuted (Council meeting on 5 December 2012, Minute 8g refers).

Income controls

Precept and other income, including credit control mechanisms

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

Allotment Rents were reviewed by the Clerk on 7 November 2012 under delegated powers given to her by the Council at its meeting on 1 October 2012.

Petty Cash

Associated books and established system in place

No Petty cash is held; a satisfactory 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.

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 was reviewed by the Council at its meeting on 3 April 2012 (Minute 5 refers). The Asset Register is well documented and includes photographs of the significant fixed assets. At its meeting on 4 March 2013 the Council nominated a Councillor to update the Asset Register (Minute 10 refers).

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

The bank statements reconciled with the end of year accounts and the bank reconciliation. Cheque no. 000830 for £16.80 has been correctly written-back into the Accounts as a deduction from Payments.

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 all 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 provides comprehensive financial reports to Council meetings.

A review of the effectiveness of Internal Audit was undertaken at the Council's meeting on 3 April 2012 (Minute 4 refers). Heelis & Lodge was not the Council's Internal Auditor in the year 2011/12.

For the year 2011/12, the External Auditors, BDO LLP, recommended that the Council should formally consider its Internal Control arrangements, including its Risk Management arrangements and Minute the review accordingly. This recommendation has been implemented.

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).

Additional Comments

- The Annual Parish Council meeting was held on 14 May 2012, within the required timescale. The first item of 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 her assistance during the course of the audit work.

Trevor Brown
Heelis & Lodge
19 June 2013