

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Newton Parish Council – 2017/18**

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

Income: £29,680.69      Expenditure: £10,777.51      Reserves: £44,267.69

### AGAR Completion:

Section One: [Yes /No](#)

Section Two: [Yes/No](#)

Annual Internal Audit Report 2017/18: [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. LGAs137 payments are not applicable as the Council have adopted the General Power of Competence. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.*

**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: [23/8/2017 \(Ref: 17/138 c\)](#)  
Financial Regulations in place: [Yes](#)  
Reviewed: [28/8/2017 \(Ref: 17/138 b\)](#)

VAT reclaimed during the year: [Yes \(2016-2017\)](#)      Registered: [No](#)

General Power of Competence: [Yes](#)

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

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*There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.*

## **Risk Assessment**

Appropriate procedures in place for the activities of the council  
Compliance with Data Protection regulations

Risk Assessment document in place: Yes

Data Protection registration: Yes

### **Data Protection**

*The General Data Protection Regulations are changing and the new Regulations will come into force on 25 May 2018. It is likely that this will affect the way in which the Town Council handles its data. It is advised that the new Data Protection Regulations should form part of the Town Council's Risk Assessment.*

*Insurance was in place for the year of audit. The Risk Assessment and Internal Controls were last reviewed on 8/2/2017 (Ref: 17/032 and 17/031).*

*The annual RoSPA inspection has been undertaken on the play area.*

*The Council have good internal financial controls in place. Cheque stubbs are initialled by signatories. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.*

**Recommendation:** *An annual review of the Risk Assessment and Internal Controls is required during the year of audit. There is no evidence that a review was undertaken during the last financial year.*

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: No

*The Council is not subject to the requirements of the Transparency Code for smaller Councils for the year of audit.*

## **Budgetary controls**

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

Precept: £10,372.81 (2018–2019) Date: 13/12/2017 (Ref: 17/192 b)

Precept: £10,000.00 (2017-2018) Date: 11/1/2017 (Ref: 17/007 b)

*Satisfactory 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.*

#### **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

*No petty cash held. 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. Supporting paperwork is in place.*

#### **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 in Box 9, Section 2 of the AGAR at £32,268, with no change from the previous year. It is noted from the cashbook that a laptop was purchased on 14/2/2018 at a cost of £379.99. The laptop should be added to the asset register and Box 9 increase to take into account the purchase.*

***Recommendation:*** *To add the laptop to the asset register and amend Section 2, Box 9 of the AGAR to reflect the updated value of total assets.*

#### **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 were confirmed at 31/3/2018 as:*

<i>Barclays Business Premium xxx9936</i>	<i>£11,117.65</i>
<i>Barclays Community xxx6092</i>	<i>£100.00</i>
<i>Barclays Business Premium xxx6106</i>	<i>£33,770.09</i>

## Reserves

General Reserves are reasonable for the activities of the Council  
Earmarked Reserves are identified

*The Council have adequate general reserves (£25,838.80). Earmarked reserves should be identified in the year end accounts (eg CIL £18,428.89).*

**Recommendation:** *To identify earmarked reserves in the year end accounts.*

## 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. 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 Council should undertake a review of the effectiveness of the internal audit at least every 3 years. It is suggested that this is included in the Risk Assessment document.*

*The 2017 Internal Audit report was considered by the Council at a meeting held on 10/5/2017 (Ref: 17/091a).*

*Heelis & Lodge were appointed Internal Auditor at a meeting held on 10/5/2017 (Ref: 17/086).*

## External Audit

*The 2017 External Auditor's report was considered by the Council at a meeting held on 23/8/2017 (Ref: 17/141 a).*

*There were no matters raised by the External Auditor in relation to the 2016-2017 External Audit.*

## Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 10/5/2017, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- 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



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4 May 2018

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