HEELIS*&*LODGE

## Local Council Services • Internal Audit

# **Internal Audit Report for Friston 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: £10,384 Expenditure: £12,216 Reserves: £15,272

AGAR Part 2 Completion:

Section One: No

Section Two: 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

*As was highlighted in the 2016 - 2017 Internal Audit report, the Council has used LGA s137 for the following payments. The correct power to use is highlighted in brackets. LGA s137 should only be used where there is no other power and where no other legislation prohibits that expenditure:*

* *CAB (Local Government Act 1972 s 142)*
* *Church Burial Ground Maintenance (Local Government Act 1972 s 215) NB for closed churchyards.*

*All others were found to be in order. VAT payments are tracked and identified within the year end accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place.*

**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: 29th January 2018 (Minute 104/17b)

Financial Regulations in place: Yes

Reviewed: 29th January 2018 (Minute 104/17b)

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: No

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

*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 withData 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 was reviewed on 29th January 2018 (Minute 104/17b). Internal controls were reviewed on 12th March 2018 (Minute 119/17b).*

*The Council have satisfactory 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: £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: Yes

Website: www.friston.onesuffolk.net

1. all items of expenditure above £100

*Published – Yes*

b) annual governance statement (By 1 July)

*2017 Annual Return, Section One Published – Yes*

c) end of year accounts (By 1 July)

*2017 Annual Return, Section Two Published – Yes*

d) internal audit report (By 1 July)

*2017 Annual Return, Section Four Published – Yes*

e) list of councillor or member responsibilities

*Published – Yes*

f) the details of public land and building assets (By 1 July)

*Published – Yes - asset register is published*

g) Minutes, agendas and meeting papers of formal meetings

*Published – Yes*

*The council meets the requirements of the Transparency Code.*

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

Precept: £6,770 (2017/2018) Date: 12th December 2016 (Minute 130/16c)

Precept: £7,250 (2018/2019) Date: 8th January 2018 (Minute 94/17b)

*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. All supporting paperwork is in place but no P60 has been produced as part of the year end process. The Council are aware of the pension regulations and have taken the appropriate steps.

**Recommendation (1):** Copy of P60 to be maintained in Audit File as part of year-end process.

**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 £170,831. However the Village Hall is shown in the Asset Register with a purchase price of £135,000, but when a council receives an asset as a gift at zero cost, the asset should be recorded in the asset register with a nominal £1 value as a proxy for the zero cost.*

**Recommendation (2):** The Village Hall should be recorded in the Asset Register as £1 if it was a gift at zero cost.

**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.*

**Reserves** General Reserves are reasonable for the activities of the Council

Earmarked Reserves are identified

*The Council have adequate general reserves and have identified earmarked reserves in their 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.*

**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 5th March 2018 (Minute 114/17d).*

*The Internal Audit report was considered by the Council at a meeting held on 5th June 2017 (Minute 40/17).*

*Heelis & Lodge were appointed Internal Auditor at a meeting held on 5th March 2018 (Minute 114/17b).*

**External Audit** *The External Auditor’s report was considered by the Council at a meeting held on 4th September 2017 (Minute 67/17c).*

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

* *Minutes not being signed, but after corresponding with BDO this point had been withdrawn as incorrect.*

## **Additional Comments/Recommendations**

* The Annual Parish Council meeting was held on 22/5/2017, 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 her assistance during the course of the audit work



### Dave Crimmin PSLCC

**Heelis & Lodge**

3rd May 2018