

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Polstead 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: £19,777.16 Expenditure: £16,765.11 Reserves: £26,916.23

AGAR Completion:

Section One: [Yes – to be approved](#)

Section Two: [Yes – to be approved](#)

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. 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 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: [20/7/2017 \(Ref: 17/125\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [20/7/2017 \(Ref: 17/125\)](#)

VAT reclaimed during the year: [Yes](#) Registered: [No](#)

General Power of Competence: [Yes](#)

Financial Regulations and Standing Orders in place.

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

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

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, including Internal Controls, was reviewed on 18/1/2018 (Ref: 18/014).

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: £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.polstead.onesuffolk.net

- a) all items of expenditure above £100
Published – Yes – published in the minutes.
- b) end of year accounts (By 1 July)
2017 Annual Return, Section One Published – Yes
- c) annual governance statement (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 published
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

The Council has met the requirements of the Transparency Code.

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS
Tel: 07732 681125
Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy

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

Precept: £18,286

Date: 19/1/2017 (Ref: 17/010b)

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.

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 and a 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.

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 £55,637.86.

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 31/3/2018 were confirmed as:

*Barclays Current a/c £28,365.17
Barclays Savings a/c £3,320.63*

Reserves

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

The Council have adequate general reserves.

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 reviewed the effectiveness of the internal audit at a meeting held on 18/1/2018 (Ref: 18/015).

The Internal Audit report was considered by the Council at a meeting held on 18/5/2017 (Ref: 17/084).

Heelis & Lodge were appointed Internal Auditor at a meeting held on 18/5/2017.

External Audit

The External Auditor's report was considered by the Council at a meeting held on 28/9/2017 (Ref: 17/147).

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 18/5/2017, 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



Heather Heelis
Heelis & Lodge
26 April 2018

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS
Tel: 07732 681125
Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy

Annual Internal Audit Report 2017/18

Polstead Parish Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ No petty cash held
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. (For local councils only)			
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

26/04/2018

Name of person who carried out the internal audit

H. HEELIS (on behalf of Heelis & Lodge)

Signature of person who carried out the internal audit



Date

26/04/2018

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).