

HEELIS&LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Polstead Parish Council – 2016/17

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

Income: £33,434 Expenditure: £41,105 Reserves: £23,904

Annual Return Completion:

Section One: [Yes – to be signed](#)

Section Two: [Yes – to be signed](#)

Section Four: [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: [20/7/2016 \(Ref: 16/129\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [20/7/2016 \(Ref: 16/129\)](#)

VAT reclaimed during the year: [Yes \(1/8/2016 & 10/4/2017\)](#)

Registered: [No](#)

General Power of Competence: [Yes](#)

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Risk Assessment

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes

Data Protection registration: Yes

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 19/1/2017 (Ref: 17/015). All was in order.

The annual inspections on the play areas have been undertaken and reports received.

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.

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 No

Website: www.polstead.onesuffolk.net

- a) all items of expenditure above £100
Published – Yes
- b) end of year accounts (By 1 July)
2016 Annual Return, Section One Published – Yes
- c) annual governance statement (By 1 July)
2016 Annual Return, Section Two Published – Yes
- d) internal audit report (By 1 July)
2016 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
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

The Council have met the requirements of the Transparency Code.

I would like to take the opportunity to commend the Clerk on the well organised and excellent presentation of the Transparency Code documents on the website. Documents can be found easily and links are provided on a specific Transparency Code web page.

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Budgetary controls	<p>Verifying the budgetary process with reference to council minutes and supporting documents</p> <p>Precept: £18,210 Date: 21/1/2016 (Ref: 16/10b)</p> <p><i>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.</i></p>
Income controls	<p>Precept and other income, including credit control mechanisms</p> <p><i>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.</i></p>
Petty Cash	<p>Associated books and established system in place</p> <p><i>A satisfactory expenses system is in place with supporting paperwork.</i></p>
Payroll controls	<p>PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment</p> <p>PAYE System in place: Yes</p> <p><i>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 their staging date for the pension regulations and have taken the appropriate steps.</i></p>
Asset control	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p><i>A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £53,862.86.</i></p>
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.</i></p>

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 19/1/2017 (Ref: 17/016).

The Internal Audit report was considered by the Council at a meeting held on 19/5/2016 (Ref: 16/090a).

Heelis & Lodge were appointed Internal Auditor at a meeting held on 21/5/2015 (Ref:15/097).

External Audit

The External Auditor's report was considered by the Council at a meeting held on 15/9/2016 (Ref: 16/151a).

There were no matters raised by the External Auditor in relation to the 2015-2016 External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 19/5/2016, 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**
12 April 2017

Annual internal audit report 2016/17 to

Enter name of smaller authority here:

POSTERS PARISH COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2017.

Internal audit has been carried out in accordance with this smaller 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 smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller 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.			✓ ^①
G. Salaries to employees and allowances to members were paid in accordance with this smaller 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.	Yes	No	Not applicable

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

① No petty cash held.

Name of person who carried out the internal audit H. Heelis (on behalf of the clerk & ledger)
 Signature of person who carried out the internal audit [Signature] Date 12/04/2017

*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, internal audit must explain why not (add separate sheets if needed).

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