

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Interim Internal Audit Report for Dennington Parish Council – 2015/16**

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

Income: £13,629.09                      Expenditure: £21,074.84                      Reserves: £5,518.91

### Annual Return Completion:

Section One: **Yes – To be approved and signed on 18/5/2016**

Section Two: **Yes – To be approved and signed on 18/5/2016**

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. 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.*

*LGA1972 s137 payments should be identified within the cashbook (currently listed as donations for various organisations).*

### ***Recommendations:***

- To add a 'Total' column in the cashbook which identifies the gross figure for individual payments.*
- To identify the power used for donations in the column heading.*

**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: **18/5/2015**

Financial Regulations in place: **Yes**                      Reviewed: **18/5/2016**

VAT reclaimed during the year: **Yes**                      Registered: **No**

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

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

General Power of Competence: No

*Financial Regulations and Standing Orders in place. Financial Regulations and Standing Orders require updating to reflect the 2015 Public Contracts Regulations. NALC Model Financial Regulations are available.*

**Recommendation:** *To update Financial Regulations and Standing Orders to reflect the 2015 Public Contracts Regulations.*

## 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 18/5/2015.*

*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:

Smaller Council: Yes

Website: [www.dennington.onesuffolk.net](http://www.dennington.onesuffolk.net)

a) all items of expenditure above £100

*Items of expenditure above £100 were not published on the website by 1/7/2015.*

**Recommendation:** *To publish all items of expenditure above £100 for the year 2015-2016 on the website by 1/7/2016.*

b) end of year accounts

*The 2015 Statement of Accounts (Section 1) of the 2015 Annual Return) was not published on the website.*

**Recommendation:** *To publish the 2015 Statement of Accounts (Section 1) on the website as soon as possible and to publish the 2016 Annual Governance Statement (Section 2 of the Annual Return) by 1/7/2016).*

c) annual governance statement

*The 2015 Annual Governance Statement (Section 2 of the 2015 Annual Return) was not published on the website.*

**Recommendation:** To publish the 2015 Annual Governance Statement on the website as soon as possible and to publish the 2016 Annual Governance Statement (Section 1 of the Annual Return) by 1/7/2016).

d) internal audit report

*The 2015 Internal Auditor's Report was not published on the website.*

**Recommendation:** To publish the 2015 and 2016 Internal Auditor's reports on the website. The 2016 report needs to be published by 1/7/2016.

e) list of councillor or member responsibilities

*Councillors are listed on the website. However, member responsibilities are not.*

**Recommendation:** To publish member responsibilities on the website.

f) the details of public land and building assets

*The Asset Register/details of land were not published. The Council have no buildings listed in their Asset Register.*

**Recommendation:** To publish details of public land in the Council's ownership.

g) Minutes, agendas and meeting papers of formal meetings

*Draft minutes were available on the website, however, not all links to minutes were working (15/7/2015 and 21/9/2015). Planning Agendas and minutes are available. Agendas for forthcoming meetings are published.*

**Recommendation:** To ensure links to minutes are working so members of the public can access the minutes.

## **Budgetary controls**

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

Precept: £8,325

Date: 10/11/2014

*Satisfactory budgetary procedures are in place. It is noted that the 2016-2017 precept was agreed in full council however, the precept amount has been recorded as a 1.5% increase. The 2015-2016 precept amount was recorded. 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.*

**Recommendation:** To formally minute the precept amount in the minutes.

## **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

*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 are operating RTI in accordance with HMRC regulations. Payroll is outsourced to Ladywell.*

**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 and also insurance value. The total asset cost value at 31 March 2015 was £28,651. The total asset cost value at 31 March 2016 is £43,942.*

*There is currently a discrepancy of £11,750 between the 2015-2016 asset register and Section 2, Box 9 of the Annual Return. I believe this is due to the total insurance figure being used for the 2016 Annual Return.*

*It is noted that the net cost of the mower, purchased during the 2015-2016 financial year was £13,000 (Gross £15,600) and the difference between the cost value of assets between 31 March 2015 and 31 March 2016 is £15,291.*

**Recommendations:**

- To adjust the cost price of the new mower to £15,600 in the asset register (or £13,000 if net figures are used).*
- To amend the figure entered in Section 2, Box 9 to read the total cost value of assets.*
- To include an explanation of the variance between Section 2, Box 9 2015 figure and Section 2, Box 9 2016 figure.*

**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.*

**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 Council operate on a Receipts and Payments accounting 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 18/5/2015. An Audit Plan is in place.*

*The Internal Audit report was considered by the Council at a meeting held on 18/5/2015.*

**External Audit**

*The minute where the External Auditor's report would be expected to be considered by the Council was not available (September 2015).*

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

- *The 2015 External Auditor's report was not available for the audit.*

**Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 18/5/2015, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- Minutes for the following meetings were not available for the audit: 15/7/2015, 21/9/2015.
- 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



**Heather Heelis**  
**Heelis & Lodge**  
22 April 2016