HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Dennington 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: £8,894 Expenditure: £6,736 Reserves: £13,841

AGAR Completion:
Section One: Yes - not approved
Section Two: Yes - not approved but not all figures entered are rounded to whole £'s.

Recommendation (1): Report must be completed in whole £'s and rounded to ensure that it balances according to the External Auditor's requirement.

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 and 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: 19th February 2018 (Minute 9)
Financial Regulations in place: Yes
Reviewed: 9th February 2018 (Minute 9)

VAT reclaimed during the year: None received during year but claim made for 24th March 2016 through to 31st March 2018 on file dated 27th March 2018.

Registered: Yes

General Power of Competence: No

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 - ZA116681 Expiry 20th May 2018

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 11th September 2017 (Minute 7).

The Council have satisfactory internal financial controls in place. Cheque stubs 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.dennington.sffolk.cloud

a) 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
g) Minutes, agendas and meeting papers of formal meetings

Published – Yes

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

Precept: £8,850 (2017/2018) Date: 7th November 2016 Minute 7)
Precept: £8,982 (2018/2019) Date: 20th November 2017 (Minute 7)

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 P60 has not been produced as part of the year end process.

Recommendation (2): 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 and was reviewed at the meeting held on 9th February 2018 (Minute 9). Values are recorded at cost value. The total value of assets are recorded at £44,364

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 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 11th September 2017 (Minute 7). The Internal Audit report was considered by the Council at a meeting held on 15th May 2017 (Minute 11). Whilst the report was considered by councillors there is no record in the minute of the actions the council were to take with regard to the 3 recommendations in the report. **Recommendation (3):** When applicable, the council's response to the Internal Audit recommendations should be contained in the minutes of the meeting. Heelis & Lodge were appointed Internal Auditor at a meeting held on 15th May 2017 (Minute 10).
External Audit	The External Auditor's report was considered by the Council at a meeting held on 11th September 2017 (Minute 6). The minutes did not reference the Issues Arising Report which highlighted two minor issues, the second of which will require the council to RESTATE the accounts for the year-ending 31st March 2017 in the Annual Governance and Accountability Return (AGAR) 2017/18 Section 2. **Recommendation (4):** Modify Section 2 of the AGAR so that the rounding results in the report balance as required by External Auditor and write RESTATED at top of column.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 15/5/2017, 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 the quality of documentation presented in the Audit File.

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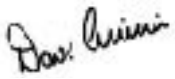

Dave Crimmin PSLCC
Heelis & Lodge
29th April 2018

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