

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Wickham Bishops Parish Council – 2016/17

Receipts: £17,569.49

Payments: £19,685.27

Reserves: £14,346.43

Annual Return Completion:

Section One: *Yes*

Section Two: *Yes*

Section Four: *Yes, completed by Internal Auditor*

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

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Cash Book is well referenced and provides a clear audit trail. Supporting paperwork is in place and well referenced. A sample of transactions were examined in detail and found to be in order.

VAT payments are tracked and identified within the Cash Book and End-of-Year Accounts.

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: *The Council's Standing Orders were updated to include the Public Contracts Regulations 2015 and were adopted by the Council at its meeting on 31 January 2017 (Minute 17/025 refers).*

Financial Regulations in place: *The Council's Financial Regulations were updated to include the Public Contracts Regulations 2015 and were adopted by the Council at its meeting on 31 January 2017 (Minute 17/025 refers).*

VAT reclaimed during the year: *A refund from HMRC of £412.45 for VAT paid during the period 1 April 2015 to 31 March 2016 was received at bank on 29 June 2016.*

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A claim for a refund of £1,047.91 for VAT paid in the period 1 April 2016 to 31 March 2017 was submitted to HMRC on 22 April 2017.

Use of the General Power of Competence (GPOC): *The GPOC was applied in the year of account.*

Data Protection registration: *The Council is registered with the Information Commissioner's Office as a data controller for the provision of Council services (Registration ZA087504, expiring 19 November 2017).*

Minutes of the Council: *The Council's Minutes are well presented and provide a clear record of the Council's decisions.*

Risk Assessment

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: *The Council's Internal Controls and end-of-year process were reviewed by the Finance Committee on 18 November 2016 (Minute 16F/017 refers). The Council approved the Minutes of the Finance Committee at its meeting on 6 December 2016.*

The effectiveness of Internal Controls was reviewed by the Council at its meeting on 7 March 2017 (Minute 17/051 refers). It was recorded at the meeting that the Internal Audit and External Audit recommendations had been implemented.

The Council's Risk Assessment Review was undertaken by the Finance Committee on 18 March 2016; the Council approved the Minutes of the Finance Committee at its meeting on 5 April 2016.

Insurance was in place for the year of audit. The Council agreed to award the annual insurance contract to Zurich at its meeting on 3 May 2016 (Minute 16/072 refers). Fidelity Guarantee Cover is £250,000 and meets the current recommended guidelines of year end balances plus 50% of the precept.

Transparency Code

Compliance for smaller councils with income/expenditure under £25,000.

Smaller Council: *Yes*

Website: <http://www.wickhambishopsparrishcouncil.org/en/parish-council/>

Smaller authorities should publish on their website:

- a) all items of expenditure above £100
Published – Yes
- b) annual governance statement (By 1 July)
2015/16 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2015/16 Annual Return, Section Two Published – Yes
- d) internal audit report (By 1 July)
2015/16 Annual Return, Section Four Published – Yes

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- 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 is meeting the requirements of the Transparency Code.

Budgetary controls

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

Precept 2016/17: *£12,000* Date: *1 December 2015 (Minute 15/239)*

Precept 2017/18: *£12,000* Date: *6 December 2016 (Minute 16/193)*

The Minutes of the full Council on 6 December 2016 recorded the precept amount. Satisfactory budgetary procedures are in place. The precepts in each year were recommended by the Council's Finance Committee and agreed in full Council.

The Clerk ensures the Council is 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.

Income controls

Precept and other income, including credit control mechanisms

Income controls were checked and income received and banked cross referenced on a sample basis with the Cash Book and bank statements.

Petty Cash

Associated books and established system in place

No Petty Cash is held; an 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: *The Payroll is outsourced to J & M Payroll Services Ltd and is operating in accordance with HMRC requirements. Regular payments have been made to HMRC.*

The Council is meeting the requirements of the workplace pensions legislation; the Council agreed at its meeting on 31 January 2017 to admit Mrs Liane Rowland to membership of the Local Government Pension Scheme operated by Essex County Council (Minute 17/027).

Asset control

Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

The Asset Register was reviewed by the Council's Finance Committee at its meeting on 24 March 2017 (Minute 17F/005 refers).

Box 9 of Section 2 of the Annual Return displays the total assets at the insurance value of £20,000 as at 31 March 2017.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

The bank statements as at 31 March 2017 for the Barclays Community Account and the Barclays Business Premium Account reconciled with the End-of-Year accounts and overall bank reconciliation.

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 and Payments basis. Sample audit trails were undertaken and 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 operates internet banking and makes electronic payments to suppliers and staff. The Clerk has confirmed that the controls over the internet banking and electronic payments system are as follows: following approval of the payments at each Council meeting, the Clerk/RFO generates electronic payments and each payment is only progressed further by the electronic approval of authorised Councillors.

The Clerk provides financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions.

The Internal Audit report for the previous year (2015/16) was considered by the Council at the meeting held on 7 June 2016 (minute 16/089 refers) The report put forward the following recommendations relating to internal control:

- a) The Council's Standing Orders and Financial Regulations should be up-dated during 2016/17 to include reference to the Public Contract Regulations 2015 (this has been addressed).*
- b) The Council should ensure the Precept amount is Minuted at the full Council meeting (this has been addressed).*

c) The Council should record the value of Assets at 'cost price' in the Asset Register (this has been addressed).

At its meeting on 6 December 2016 the Council re-appointed Heelis & Lodge as its Internal Auditors for the 2016/17 year. An Audit Plan is in place.

External Audit

The External Auditor's report for the previous year (2015/16) was reported to the Council at its meeting on 6 September 2016 (Minute 16/124 refers). No matters of concern were raised.

Additional Comments

- *The Annual Parish Council meeting was held on 3 May 2016, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.*

- *I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.*

Trevor Brown

For Heelis & Lodge

31 May 2017

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