

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Boyton Parish Council – 2016/17**

Receipts: £5,078.50

Payments: £3,422.29

Reserves: £3,485.30

#### Annual Return Completion:

Section One: *Yes, in draft (box 8 to be completed, signatures and Minute references to be added)*

Section Two: *Yes, in draft (signature of Chair, date and Minute reference to be added)*

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. No payments are recorded as being made under Section 137 of the Local Government Act 1972.*

*VAT payments are tracked and identified within the year end accounts.*

*A sample of transactions was closely examined and the following issue arose:*

*Within Payments, the amount of £60.00 paid to Community Action Suffolk (CAS) 9 December 2016 (cheque 000336) included VAT of £10.00 which has not been identified in the Cash Book and Accounts. The VAT payment should be recorded in the Cash Book to ensure that all VAT payments are clearly identified for purposes of a re-claim to HMRC.*

***Recommendation 1: Suitable amendment/correction should be made to the Cash Book and Receipts and Payments Summary to account for the VAT of £10 within the £60 payment to CAS.***

*The Annual Return for 2016/17 was examined and the following matter arose. Within the Annual Return (yet to be signed by the Chair of the Council), Box 7 of Section 2 does not equal the total of Boxes 1 + 2 + 3 less Boxes 4 + 5 + 6. This is due to the rounding up of £3,466.50 (for Total Other Receipts) in Box 3.*

***Recommendation 2: That Box 3 in Section 2 of the Annual Return for 2016/17 be amended to £3,466 and initialled by the Chair and the RFO before submission to the External Auditors.***

**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

Responsible Financial Officer (RFO): *At its meeting on 25 May 2016 the Council re-affirmed the Clerk, Ms Gerry Bathe, as the RFO (Minute 11.1.e refers).*

Standing Orders in place: *Yes, the Standing Orders are noted as having been reviewed in March 2017.*

Financial Regulations in place: *Yes, the Financial Regulations are noted as having been reviewed in March 2017.*

Data Protection registration: *The Council is registered for the provision of council services (Registration ZA131500 expiring 5 August 2017 refers).*

VAT reclaimed during the year: *A claim for £76.10 was submitted to HMRC but was returned to the Council unpaid as the claim period must be at least 12 months when claiming less than £100.*

Code of Conduct: *In place, the Code is published on the Council's website with a date of March 2014 notated.*

Adoption of General Power of Competence: *Not Applicable*

**Risk Assessment** Appropriate procedures in place for the activities of the council

Risk Assessment document in place: *Yes, a Risk assessment and management (financial) document is in place.*

*The Risk Assessment was reviewed on 14 March 2017 (Minute 9 refers). The Council accordingly complied with the Accounts and Audit Regulations which require that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk, and the Minutes of the Council must formally record that the review has taken place.*

*Insurance was in place for the year of audit. The Insurance cover was reviewed and approved by the Council at its meeting on 25 May 2016 (Minute 8 refers). The level of employee dishonesty (fidelity guarantee) is £25,000 which 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://boyton.onesuffolk.net/parish-council/>

Smaller authorities should publish on their website from 1 April 2015:

- a) all items of expenditure above £100  
*Published – Yes, included within Minutes published on-line*
- b) end of year accounts (By 1 July)  
*2015/16 Annual Return, Section One Published – Yes*
- c) annual governance statement (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*
- e) list of councillor or member responsibilities  
*Published – Yes*
- f) the details of public land and building assets (By 1 July)  
*No assets held*
- g) Minutes, agendas and meeting papers of formal meetings  
*Published – Yes*

*The Council met the requirements of the Transparency Code in the year.*

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

Precept (2016/17): *£1,612 (and a Council Tax Support Grant of £113.91)*

*Satisfactory budgetary procedures are in place. The precept for 2016/17 was agreed in full Council at its meeting on 13 January 2016 and the precept decision and amount has been clearly Minuted (13 a refers).*

*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.*

<b>Payroll controls</b>	<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: <i>Yes, Real Time Information (RTI) is in place. PAYE payments are being made to HMRC.</i></p>
<b>Asset control</b>	<p>Inspection of asset register and checks on existence of assets  Cross checking on insurance cover</p> <p><i>No assets are held.</i></p>
<b>Bank Reconciliation</b>	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>The Lloyds Bank Treasurer's Account statement as at 31 March 2017 reconciled with the end of year accounts and agreed with the Bank Reconciliation.</i></p>
<b>Year-end procedures</b>	<p>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.</p> <p><i>The 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.</i></p>
<b>Sole Trustee</b>	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is not a sole trustee.</i></p>
<b>Internal Audit Procedures</b>	<p><i>The Council has satisfactory internal financial controls in place. Cheque stubs are initialled by signatories. The Clerk provides financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions.</i></p> <p><i>The Internal Audit report for the previous year (2015/16) was considered (and recommendations agreed) by the Council at its meeting on 25 May 2016 (Minute 11b refers). The report recommended:</i></p> <p><i>a) To improve internal financial controls signatories should initial supporting paperwork for payments being made, particularly where online banking is used. <b>Internal Audit could find no evidence within the paid invoices examined that this was being undertaken so the Recommendation remains outstanding.</b></i></p>

- b) Corrections to some figures in Section 2 of the Annual Return for 2015/16. This matter was addressed.*
- c) Minutes are kept in a loose-leaf format and all pages should be initialled by the presiding Chairman and all amendments similarly initialled. This issue has been addressed.*

**External Audit**

*Following their review of the 2015/16 year, the External Auditors, BDO LLP, raised no matters of concern. The audit certificate was reported to the Council at its meeting on 28 September 2016 (minute 14.2 refers).*

**Additional Comments**

- *The Annual Parish Council meeting was held on 25 May 2016, within the required timescale. The first item of business was the Election of Chair, 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**

18 April 2017

**Contact details:**

**Heelis & Lodge**  
**52 Parkway, Wickham Market, Suffolk, IP13 0SS**  
**Tel: 07732 681125**  
**Email: [heather@heelis.eu](mailto:heather@heelis.eu)**