

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Mendlesham 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: £79,584.89      Expenditure: £73,429.92      Reserves: £67,823.36

### Annual Return Completion:

Section One: **Yes**

Section Two: **Yes**

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 is not used as the Council have adopted the General Power of Competence. 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. The Council use the RBS accounting software which provides clear supporting information.*

**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: **11/3/2015 and 9/3/2016**

Financial Regulations in place: **Yes**

Reviewed: **11/2/2015 and 9/3/2016**

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

General Power of Competence: **Yes (adopted 19/5/2015)**

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*Financial Regulations and Standing Orders in place. Financial Regulations and Standing Orders have been updated. It is uncertain whether Standing Order No.18 has been updated to include the Public Contracts Regulations 2015.*

**Recommendation:** *To update Standing Order No.18 if not already done.*

## **Risk Assessment**

Appropriate procedures in place for the activities of the council

Risk Assessment documents in place: Yes

Data Protection registration: Yes

*Insurance was in place for the year of audit. The Risk Assessment and internal controls were reviewed on 10/2/2016 (Ref: 9). Risk Assessments were also in place for Mendlesham Woodland, Voluntary Workers, Community Centre Rejuvenation Project, Mendlesham Cooking Club and Street Cleaners.*

*The Council have a comprehensive suite of policies which were approved on 14/1/2015 (Ref: 9. a-o).*

*An annual inspection has been undertaken on the play areas. A fire Risk Assessment is in place for the community centre.*

*The Council have good 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: £100,000

*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: No

## **Budgetary controls**

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

Precept: £33,900

Date: 14/1/2015 (Ref: 7.d)

*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.*

<b>Income controls</b>	<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> <p><i>Allotment fees were reviewed on 10/2/2016 (Ref: 11).</i></p>
<b>Petty Cash</b>	<p>Associated books and established system in place</p> <p><i>A satisfactory expenses system is in place with supporting paperwork.</i></p>
<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: <b>Yes</b></p> <p><i>The Council are operating RTI in accordance with HMRC regulations. Contracts of employment are in place for the Clerk and Street Cleaner.</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>A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £219,300.</i></p>
<b>Bank Reconciliation</b>	<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>
<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>End of year accounts are prepared on a Receipts &amp; Payments Basis. Earmarked reserves are identified.</i></p>
<b>Sole Trustee</b>	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is a sole trustee of the Mendlesham Playing Fields Charity and the Mendlesham Community Centre Charity. Independent examinations have been undertaken on both charities.</i></p>
<b>Internal Audit Procedures</b>	<p><i>The Council reviewed the effectiveness of the internal audit at a meeting held on 10/2/2016 (Ref: 10).</i></p>

*The Internal Audit report was considered by the Council at a meeting held on 8/7/2015 (Ref: 7.b).*

**External Audit**

*The External Auditor's report was considered by the Council at a meeting held on 9/9/2015 (Ref: 5. a).*

*There were no matters raised by the External Auditor in relation to the 2014-2015 External Audit.*

**Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 19/5/2015, 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 her assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
7 July 2016

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## INVOICE

Mendlesham Parish Council  
Honeysuckle  
Hockey Hill  
Whetheringsett  
Stowmarket  
Suffolk  
IP14 5PL

Invoice No: HL4061

Date: 7 July 2016

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for Mendlesham Parish Council for the year ended 31 March 2016	1	185.00	185.00
Courier	2	20.00	20.00
Total			205.00

Please make cheques payable to: Heelis & Lodge

Terms – 30 days

Thank you.

HEELIS&LODGE

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