

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Mendlesham Parish Council – 2016/17

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

Income: £46,434 Expenditure: £33,215 Reserves: £81,042

Annual Return Completion:

Section One: **Yes - signed**

Section Two: **Yes - signed**

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: **7/9/2016 and 8/2/2017**

Financial Regulations in place: **Yes**

Reviewed: **9/3/2016 and 8/2/2017**

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

General Power of Competence: **Yes**

Financial Regulations and Standing Orders in place. Financial Regulations and Standing Orders have been updated to include the Public Contracts Regulations 2015.

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

The Council have a comprehensive suite of policies that were reviewed at a meeting held on 11/1/2017.

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. Separate vehicle insurance is in place for agricultural vehicles. The Risk Assessment was reviewed on 27/6/2016. The review of Internal Controls was carried out on 8/2/2017. A further review of additional, activity specific risks was carried out on 8/2/2017.

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.

Bank signatories were reviewed at the annual meeting held on 18/5/2016.

The RoSPA report was reviewed and action taken on recommendations noted (5/10/20-16).

It is noted that cheques No. 000632 – 000641 are missing from the cheque book and stubbs are not completed. The Council should ensure that the details on the cheques correspond with details on the stubb and that loose cheques are secure and not mislaid.

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

The Council is not subject to the requirements of the Transparency Code for smaller Councils.

Budgetary controls

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

Precept: £34,500 (2016-2017) Date: 13/1/2016

Precept: £35,000 (2017-2018) Date: 11/1/2017

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

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

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.

Fees were reviewed on 11/1/2017.

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 continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place. The Council should be aware of their staging date for the pension regulations and have taken the appropriate steps to complete the Declaration of Compliance.

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. The total value of assets are recorded at £222,390.

Land and assets were reviewed at a meeting held on 18/5/2016 and a review of the asset register was carried out on 8/3/2017.

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.

Bank balances were confirmed at 31/1/2017 as:

| | |
|---------------------------------------|-------------------|
| <i>Lloyds Deposit 34th</i> | <i>£11,835.20</i> |
| <i>Lloyds Current</i> | <i>£19,406.73</i> |
| <i>Lloyds Deposit PC</i> | <i>£10,002.57</i> |
| <i>Lloyds 32nd</i> | <i>£40,098.00</i> |

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. Earmarked Reserves are clearly identified.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is the sole trustee of the Community Centre and Playing field charities, both of which have undergone an Independent Examination as part of the Internal Audit process. Separate reports have been produced.

Internal Audit Procedures

The Council reviewed the effectiveness of the internal audit at a meeting held on 8/2/2017.

The Internal Audit report was considered by the Council at a meeting held on 10/8/2016.

Heelis & Lodge were appointed Internal Auditor at a meeting held on 18/5/2016.

External Audit

The External Auditor's report was considered by the Council at a meeting held on 5/10/2016.

There were no matters raised by the External Auditor in relation to the 2015-2016 External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 18/5/2016, 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 and thank her for producing such well organised accounts and paperwork.



Heather Heelis
Heelis & Lodge
16 June 2017

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

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

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

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

Invoice No: HL7063

Date: 16 June 2017

| Details | Quantity | Amount (£) | Total (£) |
|--|----------|------------|-----------|
| To carry out Internal Audit for Mendlesham Parish Council for the year ended 31 March 2017 | 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

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy