

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Mendlesham 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: £50,379 Expenditure: £46,537 Reserves: £84,884

AGAR Part 3 Completion:

Section One: **Yes - Approved 16th May 2018 - No Minute reference**

Section Two: **Yes - Approved 16th May 2018 - No Minute reference**

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. 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: **7th February 2018 (Minute 8).**
Financial Regulations in place: **Yes**
Reviewed: **7th February 2018 (Minute 8).**

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

General Power of Competence: **Yes**

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

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 - ZA098209 - Expiry 16/02/2019

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 7th February 2018 (Minutes 10 & 11). Internal controls were reviewed on 7th March 2018 (Minute 7i).

The Council have satisfactory 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.

It is noted that the stubbs for Lloyds Bank Cheque Numbers 000747 to 000755 were blank with no payments showing in the Summary Receipts and Payments Accounts for 2017 to 2018.

Fidelity Cover: £100,000

The level of Fidelity cover is just below 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

Website: www.mendlesham.suffolk.cloud

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: £35,000 (2017/2018) Date: 11th January 2017 (Minute 9b)

Precept: £35,697 (2018/2019) Date: 10th January 2018 (Minute 10f).

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 with P45 and P60's included in the audit file. The Council are aware of the pension regulations and have taken the appropriate steps.

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 £220,601.

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 as at 31st March 2018 were confirmed as:

<i>Lloyds Business Account</i>	<i>£23,462.44</i>
<i>Lloyds Inst Online</i>	<i>£10,007.55</i>
<i>Lloyds Deposit</i>	<i>£40,289.45</i>
<i>Lloyds Deposit 34th</i>	<i>£11,724.68</i>

Reserves

General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council have adequate general reserves and have identified earmarked reserves in their year-end accounts and budgetary process.

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 a sole trustee for:

*Mendlesham Community Centre Charity (304795)
Mendlesham Memorial Playingfields Charity (304794)*

Internal Audit Procedures

The Council reviewed the effectiveness of the internal audit at a meeting held on 7th February 2018 (Minute 12).

The Internal Audit report was considered by the Council at a meeting held on 5th July 2017 (Minute 7b).

Heelis & Lodge were appointed Internal Auditor at a meeting held on 7th February 2018 (Minute 12).

External Audit

The External Auditor's report was considered by the Council at a meeting held on 4th October 2017 (Minute 7b).

The following matters were raised by the External Auditor:

Incorrect figure had been entered in Box 9 (Total Fixed Assets & Investments) for 2016 to 2017.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 17/05/2017, 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 her help during the audit and the excellent quality of documentation presented in the Audit File.

Dave Crimmin

Dave Crimmin PSLCC
Heelis & Lodge
4th June 2018

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