

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Fen Ditton Parish Council – 2014/15

Income: £37,554.77

Expenditure: £23,266.56

Reserves: £106,280.70

Annual Return Completion:

Section One: No

Section Two: No

Section Four: Yes

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

All were found to be in order. LGA1972 s137 and 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: 6/5/2014

Financial Regulations in place: Yes Reviewed: 6/5/2014

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: No

Financial Regulations and Standing Orders in place.

The Council have noted the repeal of S150 (5) and have resolved to continue to operate with 2 signatories and therefore no changes are required to Financial Regulations (Ref: 1/4/2014 – item 15).

To note that 'personal' and 'prejudicial' interests no longer apply and that Councillors should record their 'pecuniary' and 'non-pecuniary' interests at meetings.

Standing Orders should be reviewed to remove reference to the Power of Wellbeing which was repealed when the General Power of Competence came into being. Additional legislative changes have taken place since the model standing orders that the Council use were introduced. New model Standing Orders are available from the county association. Sections that will require review are: Section 7 – Code of Conduct and Section 25. In addition, the changes introduced relating to the recording of meetings may need to be incorporated.

Recommendation: *To amend the agenda heading regarding councillors' 'interests' to 'pecuniary' and non-pecuniary'.*

Recommendation: *To review Standing Orders in line with the above comments.*

Recommendation: *To identify LGAs137 expenditure in the minutes.*

Recommendation: *To add to Financial Regulations and Standing Orders the last review dates.*

Risk Assessment

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes (dated 14\3\2015)
Data Protection registration: Yes

Insurance was in place for the year of audit. Insurance was reviewed on 6/5/2014 and renewed with the addition of Hirer's Liability cover.

Signatories were confirmed at a meeting held on 2/12/2014 (Ref: 2014/183).

The Council are required to review the Risk Assessment and Internal Controls during the year of audit. A Risk Assessment is in place but has not been reviewed by the Council. The Risk Assessment could be expanded to include a section on assets and additional detail included in the existing headings eg inclusion of the Internal Audit as an Internal Control. Further guidance on what to include can be found in the Governance & Accountability: Practitioners' Guide (March 2014).

An annual RoSPA inspection has been undertaken during the year of audit.

Recommendation: *To undertake a review of the Risk Assessment and Internal Controls during the 2015-2016 financial year.*

Fidelity Cover: £250,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.

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

Precept: £21,200

Date: 21/1/2014

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. 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 is held (Financial Regulation No: 6.5). 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 are operating RTI in accordance with HMRC regulations.

A contract of employment is in place. Payroll is outsourced to ACRE who provide payslips and P60s.

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

A separate asset register is in place. The cost value/purchase price of assets are recorded.

Bank Reconciliation	<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>
Year-end procedures	<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 and Payments basis and were all in order. Sample audit trails were undertaken and all were found to be in order.</i></p>
Sole Trustee	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council are a sole trustee of the Fen Ditton Recreation Ground Trust which manages the pavilion and recreation ground. Advice has been sought from ACRE regarding the Trust Deed.</i></p> <p><i>Arrangements have been made to separate the Trust funds from the Parish Council accounts as Trust funds should be treated separately. This will result in the need to restate the 2013-2014 figures in Section 1 of the Annual Return.</i></p>
Internal Audit Procedures	<p><i>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.</i></p> <p><i>The Council reviewed the effectiveness of the internal audit.</i></p> <p><i>Heelis & Lodge were appointed Internal Auditor for 2014-2015 (Ref: 2014/260).</i></p>
External Audit	<p><i>The following matters were raised by the External Auditor:</i></p> <ul style="list-style-type: none"> • <i>'The Council failed to approve the Annual Return by 30 June 2014.'</i> • <i>'Amendments made in Section 1 of the Annual Return must be initialled and dated by the RFO and Chairman.'</i> • <i>Incorrect figures in Boxes 2 & 3 in Section 1.</i> <p><i>The Council approved the 2013-2014 Annual Accounts and Governance Statement at a meeting on 1/7/2014, outside of the required date of 30/6/2014. This has been noted by the External Auditor in their report.</i></p> <p><i>Recommendation:</i> <i>To ensure the 2014-2015 Annual Accounts and Governance Statement (Sections 1 & 2 of the Annual Return) are approved by the full Council by 30/6/2015)</i></p>

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 6/5/2014, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- Loose-leaf minutes are now consecutively numbered by minute reference.
- 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
24 April 2015