

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Polstead 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: £19,729                      Expenditure: £17,561                      Reserves: £31,575

### Annual Return Completion:

Section One: [Yes – to be signed](#)

Section Two: [Yes – to be 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 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: [21/1/2016 \(Ref: 16/016\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [21/1/2016 \(Ref: 16/016\)](#)

VAT reclaimed during the year: [Yes](#)      Registered: [No](#)

General Power of Competence: [Yes](#)

*Financial Regulations and Standing Orders in place. Standing Order 18 and Financial Regulation 11 are in need of updating to reflect the Public Contracts Regulations 2015.*

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

Tel: 07732 681125

Email: [heather@heelis.eu](mailto:heather@heelis.eu)

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

*The Council confirmed its eligibility to continue using the General Power of Competence following the elections (21/5/2015 Ref: 15/093).*

**Recommendation:** *To review Standing Orders and Financial Regulations to reflect the Public Contracts Regulations 2015.*

## **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. The Risk Assessment was reviewed on 21/1/2016 (Ref: 16/014). All was in order.*

*The Council have good internal financial controls in place. Cheque stubbs 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: £150,000

*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: Yes

Website: [www.polstead.onesuffolk.net](http://www.polstead.onesuffolk.net)

- a) all items of expenditure above £100  
*Information can be found in the minutes where the finance report is published.*
- b) end of year accounts (By 1 July)  
*The 2015 Annual Return is published, including the Notice of Audit.*
- c) annual governance statement (By 1 July)  
*The 2015 Annual Return is published on the website.*
- d) internal audit report (By 1 July)  
*The 2015 Internal Auditor's report is published on the website.*
- e) list of councillor or member responsibilities  
*A list of Councillors and their individual responsibilities is published on the website.*
- f) the details of public land and building assets (By 1 July)  
*The asset register is published on the website, and includes land in the ownership of the Council. The Council owns no buildings.*
- g) Minutes, agendas and meeting papers of formal meetings  
*All minutes and agendas are published on the website, draft minutes are marked as 'draft', agendas include supporting papers for the meeting.*

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

Tel: 07732 681125

Email: [heather@heelis.eu](mailto:heather@heelis.eu)

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

*I would like to take the opportunity to commend the Clerk on the well organised and excellent presentation of the Transparency Code documents on the website. Documents can be found easily and links are provided on a specific Transparency Code web page.*

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

Precept: £17,891.10 Date: 22/1/2015 (Ref: 15/102b)

*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.*

**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

*A satisfactory expenses system is in place with supporting paperwork. No petty cash held.*

**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. Year end paperwork is in place. Quarterly payments have been made to HMRC in relation to Tax.*

**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.*

**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.*

**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. All was found to be in order.*

**Sole Trustee** The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

**Internal Audit Procedures**

*The Council reviewed the effectiveness of the internal audit at a meeting held on 21/1/2016 (Ref: 16/015).*

*The Internal Audit report was considered by the Council at a meeting held on 21/5/2015 (Ref: 15/105-a.).*

*Heelis & Lodge were appointed Internal Auditor at a meeting held on 21/5/2015 (Ref: 16/015).*

**External Audit**

*The External Auditor's report was considered by the Council at a meeting held on 17/9/2015 (Ref: 15/165-a.).*

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

**Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 21/5/2015, 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 his assistance during the course of the audit work

**Heather Heelis  
Heelis & Lodge**  
22 April 2016

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

# Annual internal audit report 2015/16 to

Enter name of smaller authority here:

POLSTREAD PARISH COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ ①
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		

K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

① No petty cash held.

Name of person who carried out the internal audit H. Heelis (on behalf of Heelis & Lodge)

Signature of person who carried out the internal audit *H. Heelis* Date 22/04/2016

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).