

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Saxmundham Town 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: £258,621.67 Expenditure: £271,053.44 Reserves: £81,904.16

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. 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 is considering changing accounting packages to RBS Alpha/Omega to replace the current Excel software currently used.

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: 13/2/2017 (Ref: 5013)

Financial Regulations in place: **Yes**

Reviewed: 13/2/2017 (Ref: 5013)

VAT reclaimed during the year: **Yes** Registered: **Yes**

General Power of Competence: **Yes**

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

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Quarterly VAT returns have been submitted and supporting paperwork is in place.

Recommendation: *To update Standing Order No.18 to incorporate reference to the Public Contracts Regulations 2015 and align with Financial Regulations.*

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 13/3/2017 (Ref: 5030).

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: £250,000

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: £163,000

Date: 14/12/2015 (Ref: 4770)

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	<p>Associated books and established system in place</p> <p><i>A satisfactory petty cash system is in place with supporting paperwork.</i></p>
Payroll controls	<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: Yes</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and a P60 has been produced as part of the year end process. The Council are aware of their staging date for the pension regulations and have taken the appropriate steps.</i></p>
Asset control	<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 £326,787.85 in the asset register and in Section 2, Box 9 of the Annual Return.</i></p>
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 & Payments basis. The PWLB balance at the year end was confirmed at £164,194.64.</i></p>
Sole Trustee	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is a sole trustee of the Market Hall Charity. A separate Independent Examination has been carried out and report supplied.</i></p>
Internal Audit Procedures	<p><i>The Council reviewed the effectiveness of the internal audit at a meeting held on 9/5/2016 (Ref: 7). An Audit Plan is in place.</i></p> <p><i>The 2016 Internal Audit report does not appear to have been considered by the Council.</i></p> <p><i>Heelis & Lodge were appointed Internal Auditor at a meeting held on 9/5/2016 (Ref: 7).</i></p>

Recommendation: For the Council to consider the Internal Audit report and any recommendations arising.

External Audit

The External Auditor's report was considered by the Council at a meeting held on 12/9/2016 (Ref: 4903).

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

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 9/5/2016, 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



Heather Heelis
Heelis & Lodge
9 May 2017