



Advisory Service

Local Council Internal Audit  
Report

Year ending: 31<sup>st</sup> March 2017

Name of Council:	Chelmondiston Parish Council
Income:	£34,910.82
Expenditure:	£29,948.53
Precept Figure:	£24,430.00
General Reserve:	£41,624.95
Earmarked Reserves:	£14,705.00

Annual Return Completion:

Section One:	<b>Completed</b>
Section Two:	<b>Completed</b>
Section Four:	<b>Completed</b>

The following Internal Audit was carried out on the adequacy of systems of control.

The following recommendations/comments have been made:

## **1. Proper Book-Keeping**

Cash Book, regular reconciliation of books and bank statements, supporting vouchers, invoices and receipts.

Chelmondiston Parish Council uses a Payment and Receipts system. The cash book is referenced and provides a clear audit trail. Supporting paperwork is in place and well referenced. VAT payments are tracked and identified within the year-end accounts. The payments under Section 137 of the Local Government Act 1972 are separately identified and listed within the accounts.

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## **2. Financial Regulations**

Standing Orders and Financial Regulations, Tender details and conforming to 2015 Procurement Regulations, appropriate payment controls including acting within the legal framework with reference to council minutes. Identifying VAT Payments and reclamation. Cheque books, paying books and other relevant documents.

Standing Orders in place and last updated:

Last updated 05/07/16 – minute sheet 395 item 9.

Recommendation: No recommendation all in order

Financial Regulations in place and last updated:

In place and last updated 1<sup>st</sup> March 2016 – minute sheet 384 item 15.3

Recommendation:

Budgetary Control and Authority to spend – item 4.5 – Only the clerk with delegated powers may authorise revenue expenditure in cases of extreme risk.

We also recommend the Financial Regulations be updated.

Supporting paperwork for payments and appropriate authorisation.

Payments are documented and provided monthly for approval at full council meetings. Two signatories are on all supporting paperwork including cheque book stubs. All were found to be in order.

VAT reclaimed during the year:

VAT is separately identified . A claim was made for £1,664.81 on 23/02/2017 and was received on 16/03/17. This was for the period 31/12/2015 – 27/01/2017

Does the Council use General Power of Competence and when was it adopted or last confirmed:

The council has not adopted The General Power of Competence.

S137 separately recorded and expenditure complied with.

S137 is listed separately and has been complied with.

Does the council have any loans in place?

The council does not have a loans or existing loans at this present time.

Date of approval from the Secretary of State (DCLG). N/A

Payments of interest and principal sums in respect of loans are paid in accordance with agreements. N/A

Code of Conduct. Date of adoption. Register of interests published on the council's website.

Code of Conduct adopted 01/07/2014 – updated version has been adopted.

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### 3. Risk Management

Appropriate Financial Risk Assessment procedures in place for the activities of the council.

The council has Financial Risk Assessment procedures in place. It has also set up an Advisory Finance Group to monitor and review the effectiveness of the council's internal financial control. This Group meets once a year in November and its findings/recommendations are presented to Full Council in December. The statement of internal Control Document was discussed at Full Council meeting – minute sheet 420 item 11.4 and will be reviewed in November 2017.

Recommendation: None

Appropriate insurance cover for employer's liability, public liability and fidelity guarantee. Cover of events if applicable. The council's insurance is with Zurich and the date of expiry is 30/09/2017. All was found to be in order and within recommendations.

Employer's Liability: £10,000,000.00

Public Liability: £10,000,000.00

Fidelity Liability: (Employee Dishonesty):£100,000.00

### 4. Budgetary controls

Verifying that the budget has been properly prepared and agreed with reference to council minutes and supporting documents.

The budget was prepared for the December meeting 2015 and was set at the meeting 19.01.16 minute sheet 379 item 13.3 - All was found to be in order.

Regular reporting of expenditure and variances from budget.

A monthly financial summary is produced at each meeting detailing income, expenditure and the bank balance to date.

A Variance report has been provided to explain variances in the agreed budget and all is in order.

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## **5. Income Controls**

Precept and other income, including credit control mechanisms.

Precept figure has been cross checked in bank statements and in the cash book.

Precept for 2016/2017 was £24,430.00.

This was paid in two instalments – one of £12,825.75 on 25/4/16

And another of £12,215.00 on 5/9/19

= £25,040.75

Less BDC Grant of £610.75

= £24,430.00

All income is reported each month.

Reserves: £49,711.24

Earmarked Reserve: £11,581.00

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## **6. Petty cash/expenses procedure**

Established system in place and associated supporting documents.

There is no petty cash in place, although it is noted that there is a cash float for Skip Days (Household Recycling Centre) of £14.00.

An expense system is in place and expenses are authorised by the council.

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## **7. Payroll controls**

Salary payments including deductions for PAYE/NIC and Compliance with Inland Revenue procedures.

Payment records for HMRC have been supplied and are in compliance.

Tax and NI is paid quarterly.

Records relating to contracts of employment.

A contract of Employment is in place and has been seen.

Recommendation: We would recommend that a Pension Scheme is added in to the contract.

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## **8. Asset control**

Inspection of asset register. Annual review of register. Cross checking of Insurance cover.

The asset register was provided and cross checked against insurance cover. All was found to be in order

New items: Defibrillator and cabinet have been added and covered by insurance.

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## **9. Bank reconciliation**

Regularly completed and cash books reconcile with bank statements.

Bank reconciliation is produced on a monthly basis.

Year end is completed and has been reconciled with bank statements.

The council has two bank accounts Lloyds Treasurers Account and a Lloyds Business Instant.

End of year balances are

Treasurers Account: £2,914.08

Lloyds Instant: £58,364.16

Cash Float for Skip days: £14.00

Overall Total Balance on 31<sup>st</sup> March 2017 = £61,292.24

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## **10. Year-end procedures**

Appropriate accounting procedures 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 and Payments basis and were in good order. 10 Sample audit trails were undertaken from the approval in the minutes to being recorded in the accounts and all were found to be in order. There is a clear audit trail from all records and accounts.

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## **11. Sole Trustee**

Has the Council has met its responsibilities as a trustee (If applicable). N/A

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## **12. Internal Audit procedures**

Date review completed: 23<sup>rd</sup> May 2017

Recommendations from previous internal audit: The previous audit was not prepared by Local Council Public Advisory Service. This was done by SALC .

Two recommendations were noted. One in Payroll controls and the other in payment controls. However, it is not necessary to record all payments with a reference to its power. It is only necessary to record S137 separately and ensure that VAT is separately recorded.

Also, We feel that the Council's reserves are appropriate to its budget and future commitments. Chelmondiston is an active Parish Council and as nearly a quarter of its reserves are earmarked the remaining reserves equate to approximately 100% of the council's income. We see no problem with this amount as it is covered by the council's Fidelity Cover in its insurance.

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## **13. Additional comments**

Annual meeting of the council: 3<sup>rd</sup> May 2016

Annual meeting of the parish/town: 17<sup>th</sup> May 2016

Appointment of internal auditor: 6/12/16 – minute sheet 411 item 12.2b

Transparency code: Up to £25000.00 – Code for smaller authorities – - N/A

£200,000.00 or over – Code for Larger authorities – N/A

Is the council registered with the ICO? The Council is registered with the ICO –

Registration Ref: ZA152470

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Julia Prior

*Julia Prior*

Deputy Chief Executive Officer

**Date: 23<sup>rd</sup> May 2017**

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