

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Bury St Edmunds Town 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: £366,142 Expenditure: £292,832 Reserves: £211,383

AGAR Completion:

Section One: **No**

Section Two: **Yes – to be approved**

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. The Council use the RBS Omega software which provides clear and comprehensive reports.

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: **28/3/2018**

Financial Regulations in place: **Yes**

Reviewed: **28/3/2018**

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

General Power of Competence: **Yes**

Financial Regulations and Standing Orders in place as well as Terms of Reference for Committees. The Council has a comprehensive suite of policies. The following policies were reviewed at a meeting held on 28/3/2018 (Ref: BSETC/135/28/Mar/18).

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- *Allowances and Expenses*
- *Chairman's Expenses*
- *Data Protection, Confidentiality and Information Management*
- *Dealing with Dispensations under S33 Localism Act 2011*
- *Grievance Procedure*
- *Harassment*
- *Lone Worker*
- *Public Forum at Meetings*
- *Sickness Absence*
- *Standing Orders*
- *Financial Regulations*

The following policies were adopted at a meeting held on 29/11/2017 (Ref: BSETC/101/29/Nov/17):

- *Co-option Procedure 2012*
- *Disciplinary*
- *Equality and Diversity*
- *Financial Control Procedures*
- *Freedom of Information*
- *General Office Safety*
- *Grant Funding Policy*
- *Health & Safety Policy*
- *Service Standards*

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

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 and Internal Controls were reviewed on 28/3/2018 (Ref: BSETC/133/28/Mar/18).

The Council have good internal financial controls in place. In addition to the annual Internal and External Audits the Council undertake a quarterly audit, carried out by an appointed councillor which is approved and adopted by the Town Council. The Council operates online banking and therefore no cheques have been issued during the year of audit. Invoices are initialled by signatories.

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The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Cheque signatories were appointed at a meeting held on 24/5/2017 (Ref: BSETC/017/24/May/17).

Reminder: *To update the General Risk Management Document 2018/2019 (item 4) to the new level of Fidelity Cover ie £650,000.*

Fidelity Cover: £650,000

The level of Fidelity cover was reviewed on 28/3/2018 (Ref: BSETC/131/28/Mar/18) and 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: £434,014.55 (2018-2019)

Date: 24/1/2018 (Ref: BSETC/114/24/Jan/18)

Precept: £316,389 (2017-2018)

Date: 25/1/2017 (Ref: BSETC/118/25/Jan/17)

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

A satisfactory petty cash expenses system is in place with supporting paperwork. A selection of transactions for the year of audit were examined and all were found to be in order.

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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 outsource payroll and continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and P60s have been produced as part of the year end process. The Council are part of the LGPS.

Asset control

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

A separate asset register is in place and was reviewed at a meeting held on 28/3/2018 (Ref: BSETC/132/28/Mar/18). Values are recorded at cost value. The total value of assets are recorded at £80,641. The value in Box 9 of the AGAR Section 2 has been restated to reflect the change in asset valuation from insurance value to 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.

It is noted that the Council resolved to close the Business Premium account at a meeting held on 13/12/2017 (Ref: BSETC/107/13/Dec/18).

At the year end the Council held the following balances

<i>Barclays Business Current a/c</i>	<i>£16,287.74</i>
<i>Barclays Business Premium a/c</i>	<i>£1.58</i>
<i>Barclays Rate Award</i>	<i>£149,922.27</i>
<i>Cambridge BS Easy Access a/c</i>	<i>£101,32.72 (NB 2 accounts)</i>
<i>Co-op Guaranteed Investment</i>	<i>£nil</i>
<i>Petty Cash</i>	<i>£137.78</i>
<i>Treasury Deposit a/c</i>	<i>£nil</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.

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 an Income & Expenditure Basis. Creditors and Debtors are identified. All were 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 28/3/2018 (Ref: BSETC/127/28/Mar/18).

The 2017 Internal Audit report was considered by the Council at a meeting held on 24/5/2017 (Ref: BSETC/026/24/May/17).

Heelis & Lodge were appointed Internal Auditor at a meeting held on 28/3/2018 (Ref: BSETC/127/28/Mar/18).

External Audit

The External Auditor's report was considered by the Council at a meeting held on 27/9/2018 (Ref: BSETC/078/27/Sep/17).

There were no matters raised by the External Auditor in relation to the 2016-2017 External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 24/5/2017, 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 and Deputy Clerk for their assistance during the course of the audit work and the quality of the presentation of documents for audit.



**Heather Heelis
Heelis & Lodge**
27 April 2018