

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Cottenham Parish Council – 2012/13**

Income: £198,398

Expenditure: £219,539

Reserves: £299,599

### Annual Return Completion:

Section One: **Yes -signed**

Section Two: **Yes - signed**

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 cashbook and 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: **May 2010**

Financial Regulations in place: **Yes** Reviewed: **May 2011**

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

General Power of Competence: **No**

**Financial Regulations and Standing Orders in place.**

**Recommendation:** Clerk to review Standing Orders following the adoption of the Code of Conduct in July 2012.

**Risk Assessment**

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 23/5/2012.

A RoSPA inspection has taken place during the year and reported to the June 2012 full council meeting.

A separate risk assessment is in place for the play areas.

Fidelity Cover: £420,000

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: £153,000

Date: 10/1/2012

Good budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The RFO ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared by the RFO to ensure councillors have sufficient information to make informed decisions. Budgets are monitored throughout 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 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

RTI has been implemented from April 2013. RFO confirmed that the year end submission has been submitted within the required timescale.

Year end submission to HMRC for 2012-2013 Yes

<b>Asset control</b>	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p>A separate asset register is not in place. Assets are listed in the year end accounts by the RFO.</p> <p><b>Recommendation:</b> Clerk to compile a separate asset register detailing the asset, date of purchase, cost value, insured value, location and date of disposal and reason for disposal.</p> <p>The council should ensure that the cost value of assets is entered into section one of the Annual Return, in accordance with Regulations.</p>
<b>Bank Reconciliation</b>	<p>Regularly completed and cash books reconcile with bank statements</p> <p>All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.</p>
<b>Year-end procedures</b>	<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>End of year accounts are prepared on an Income and Expenditure basis and were all in order. Sample audit trails were undertaken and all were found to be in order.</p>
<b>Sole Trustee</b>	<p>The Council has met its responsibilities as a trustee</p> <p>The Council is not a sole trustee.</p>
<b>Internal Audit Procedures</b>	<p>The Council have satisfactory internal financial controls in place. Cheque stubs are initialled by signatories. The RFO provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.</p> <p>The Council are required to annually review the effectiveness of the internal audit. An Audit Plan and Scope of Audit has been supplied to enable this to be carried out by the Clerk. Although it is no longer a requirement to minute the review, we recommend for reasons of transparency that this is done.</p> <p><b>Recommendation:</b> Clerk to undertake a review of the effectiveness of internal audit.</p> <p>Heelis &amp; Lodge were formally appointed Internal Auditors for the 2013 audit on 8/5/2012.</p>

## **Adoption of the**

**2012 Code of Conduct** The Council have adopted the 2012 Code of Conduct at a meeting held on 7/8/2012.

## **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 8/5/2012, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- Page numbers of minutes are consecutively numbered and all pages initialled/signed.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to Fiona Gooch, RFO, for her assistance during the course of the audit work.



**Heather Heelis**

**Heelis & Lodge**

23 May 2013

# HEELIS&LODGE

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[www.heelisandlodge.co.uk](http://www.heelisandlodge.co.uk)

## INVOICE

**To:**

Cottenham Parish Council
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Invoice No: HL1014
Date: 23 May 2013

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for Cottenham Parish Council for the year ended 31 March 2012	1	255.00	255.00
To carry out Internal Audit for Cottenham Parish Council for the year ended 31 March 2013	1	255.00	255.00
Total			510.00

Please make cheques payable to: Heelis & Lodge

Terms – 30 days

Thank you.

**HEELIS&LODGE**

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