

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Cottenham Parish Council – 2010/11**

Income: £231,642

Expenditure: £167,780

Reserves: £250,119

### Annual Return Completion:

Section One: **Yes**

Section Two: **Yes**

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. 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**

Adopted: 18/5/2010

Financial Regulations in place: **Yes**

Reviewed: 3/5/2011

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

*Financial Regulations and Standing Orders in place. New Standing Orders have been adopted. Financial Regulations were reviewed by the Council on 3/5/2011.*

*VAT is claimed at the year end. A total of £11,905.85 is due. This amount is untypical of the claim which is due to the purchase of a number of items of equipment.*

*The Council do not have the Power of Wellbeing. LGAs137 expenditure amounted for £15,000, within the calculated limit.*

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**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 6/7/2010 and was satisfactory for the activities of the Council.*

Fidelity Cover: £121,000

*The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept. The recommended cover based on this calculation would be in the region of £308,000.*

**Recommendation:** *To review the level of Fidelity Cover.*

**Budgetary controls**

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

Precept: £153,000

Date: 12/1/2010

*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 and RFO ensures the Council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budgetary papers are prepared in order for the council to make informed decisions.*

*The Council encountered unforeseen expenditure during the year mainly due to the purchase of equipment and the new post of full time groundsman. The Council had adequate reserves to ensure the additional expenditure had minimal impact on the Council's financial status.*

*Budgets were 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. There is a good, clear audit trail in place for income received.*

*The Council have approximately one third of their income from sources other than the precept.*

**Petty Cash**

Associated books and established system in place

*A satisfactory expenses system is in place with supporting paperwork.*

<b>Payroll controls</b>	<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>All employees fall under the PAYE scheme. The year end P35 has been submitted within the required timescale. There was a slight overpayment during the year due to a change of tax code on one employee. P60s have been issued. P32 has been completed. All was found to be in order.</i></p>
<b>Asset control</b>	<p>Inspection of asset register and checks on existence of assets  Cross checking on insurance cover</p> <p><i>Assets are listed in the year end accounts.</i></p> <p><b>Recommendation:</b> <i>To compile a separate asset register detailing the asset, date of purchase, cost value, insured value, location and date of disposal.</i></p>
<b>Bank Reconciliation</b>	<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. Unpresented cheques were listed in the Bank Reconciliation.</i></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><i>End of year accounts are prepared on a Income and Expenditure basis and were all in order. Sample audit trails were undertaken and all were found to be in order.</i></p>
<b>Sole Trustee</b>	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is not a sole trustee.</i></p> <p><b>Recommendation:</b> <i>To look into the charitable status of the King George V playing field.</i></p>
<b>Internal Audit Procedures</b>	<p><i>The Council have satisfactory internal financial controls in place. Cheque stubs are initialled by signatories. The RFO provides comprehensive financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.</i></p>

*Cheque signatories were confirmed at the Annual Parish Council Meeting held on 18/5/2010.*

*The Council carried out a review of the Effectiveness of the Internal Audit at the Annual Parish Council Meeting held on 18/5/2010.*

*There were no matters arising from the 2010 External Audit.*

**Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 18 May 2010, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- Minutes are sequentially numbered as is required.
- 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 and the RFO for their assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
19 May 2011