

# Local Council Public Advisory Service

Local Council Internal Audit

Report

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

2017

Name of Council:	Earl Soham Parish Council
Income:	£7854.72
Expenditure:	£5464.70
Precept Figure:	£7226.00
General Reserve:	£8167.10
Earmarked Reserves:	£

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.

Earl Soham Parish Council use a payments and receipts cash book in excel. The accounts are well presented, showing past regular reconciliation of books and bank statements. All supporting paperwork is well referenced.

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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: In place and last updated 9/5/16.

Recommendation:

To include the new public rights surrounding filming and reporting at meetings.

Add a review date

Financial Regulations in place and last updated: In place and last amended 9/5/16.

Recommendation: To amend point 10.7 – In an emergency the RFO in consultation with the Chairman.

Add a review date.

Supporting paperwork for payments and appropriate authorisation.

On the whole appropriate authorisation is in place. Cheque for Suffolk Coastal for £69.47 was found to only have one signatory.

VAT reclaimed during the year:

£221.42 was reclaimed on 15.7/16 and received. No VAT claim for current year as no VAT paid.

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

The council does not exercise the General Power of Competence.

S137 separately recorded and expenditure complied with.

S137 has been separately recorded and complied with.

**Recommendation:** The payment for CAB comes under the Freedom of Information LGA1972 – S142 and therefore does not need to be listed under S137.

Does the council have any loans in place? No.

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 was not produced. Register of interests are on the council's website.

**Recommendation:**

Adopt the new Code of Conduct (we can supply this).

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### 3. Risk Management

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

Financial risk assessment procedures are in place

**Recommendation:** Add a review date on the risk assessment.

Appropriate insurance cover for employer's liability, public liability and fidelity guarantee. Cover of events if applicable.

Insurance is with Zurich and expires on 30/09/17.

Employer's Liability = £10,000,000.00

Public Liability = £10,000,000.00

Employee Dishonesty = £25,000.00

All in line with this council's year end balances.

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### 4. Budgetary controls

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

Budget was properly prepared and documented and agreed on 11/1/16 item 5.1.

Regular reporting of expenditure and variances from budget.

Regular reporting of expenditure was recorded in the minutes up to September 2016.

Variance report was supplied.

**Recommendation:** To provide council with list of payments and receipts and bank reconciliation each month at council meeting and report in the minutes or add as an appendix.

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## 5. Income Controls

Precept and other income, including credit control mechanisms.

Precept was received in two payments on 29<sup>th</sup> April 2016 =£3613.00 and again on 27<sup>th</sup> September 2016 = £3613.00. This was a precept of £7200.00 and a grant of £26.00.

Reserves: £8167.10

Earmarked Reserve: No earmarked reserves.

**Recommendations:** A report with reserves and ear-marked reserves identifies an understanding of budget control and ensures the council stays within budget.

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## 6. Petty cash/expenses procedure

Established system in place and associated supporting documents.

No Petty cash an expenses system is in place supported by receipts.

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## 7. Payroll controls

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

PAYE is in place through Ladywell Accounting Services and is compliant.

Records relating to contracts of employment.

Although a contract is in place, it is not signed and does not state that the clerk is also the RFO.

Pensions: The council has auto enrolled with the Pension Regulator.

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## 8. Asset control

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

Asset register is in place and was reviewed 31<sup>st</sup> March 2017.

Insurance cover only reflects the original purchase price. We would recommend that these figures are increased to include the price of replacement at the current value.

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#### **9. Bank reconciliation**

Regularly completed and cash books reconcile with bank statements.

Community Account = £654.03

Business Premium Account = £7513.07

Balance = £8167.10 This agrees with the year-end balance.

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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.

Accounting procedures are all in order from council decision to payments. Sample audit trails were taken and all was in order.

Year-end figures balance with bank statements and figures on the annual return are correct.

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#### **11. Sole Trustee**

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

The council is not a Sole Trustee.

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#### **12. Internal Audit procedures**

Date review completed: 24<sup>th</sup> June 2017

Recommendations from previous internal audit: The previous audit was not carried out by LCPAS.

The following recommendations were made by Heelis and Lodge.

1. Add Public Contract Regulations 2015. This has been completed.
  2. To comply with the smaller authority Transparency code, with respect to the council's website. This has not been completed.
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### **13. Additional comments**

Annual meeting of the council: 9<sup>th</sup> May 2016

Annual meeting of the parish/town: 21<sup>st</sup> April 2016

Appointment of internal auditor: 10/6/17 (minute8.2) Council agreed to appoint LCPAS as its Internal Auditor.

Transparency code: Up to £25000.00 – Code for smaller authorities – This has not been complied with.

Earl Soham Parish Council fall under the smaller authorities transparency code with an income/expenditure of under £25,000.00.

Recommendation: Publish on your website:

1. all items of expenditure above £100.00
2. end of year accounts.
3. annual governance statement.
4. internal audit report.
5. list of councillor or member responsibilities.
6. details of public land or assets.
7. minutes, agendas and meeting papers of formal meetings.

A guide to the Smaller Authority Transparency Code can be found here.

<https://www.gov.uk/government/publications/transparency-code-for-smaller-authorities>

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

Is the council registered with the ICO? Not registered.

Recommendation: We recommend that all councils who hold data on the general public register with the ICO (Information Commissioner's Office).

*Julia Prior*

Julia Prior

DCEO Local Council Public Advisory Service

Date: 26<sup>th</sup> June 2017

Local Council Public Advisory Service

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