

Report to Bucklesham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2018

1. Summary

1.1 During the 2017/18 year the Council maintained effective governance arrangements including a robust framework of internal control. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor, has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.2 By examination of the 2017/18 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

The Accounts for the year confirm the following:

Total Receipts for the year: £6,791.16
Total Payments in the year: £5,749.63
Total Reserves at year-end: £6,215.73

1.3 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk for inclusion in Section 2 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2017):</i>	<i>Box 1: £5,174</i>
<i>Annual Precept 2017/18:</i>	<i>Box 2: £6,400</i>
<i>Total Other Receipts:</i>	<i>Box 3: £391</i>
<i>Staff Costs:</i>	<i>Box 4: £3,000</i>
<i>Loan interest:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £2,750</i>
<i>Balances carried forward (31 March 2018):</i>	<i>Box 7: £6,215</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £6,215</i>
<i>Total fixed assets:</i>	<i>Box 9: £59,009</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.4 Sections One and Two of the AGAR to the External Auditors were approved and signed/dated at the meeting of the Council on 3 May 2017 and the Minute references notated. The Internal Auditor has completed the Annual Internal Audit Report 2017/18 within the AGAR.

Internal Audit for Bucklesham Parish Council 2017/18

1.5 All documents were well presented for the Internal Audit Review.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. Comments and any recommendations arising from the review are made below.

2. Proper book-keeping (examination of entries in the Cash Book, regular reconciliation of books and bank statements and supporting vouchers, invoices and receipts).

2.1 The Cashbook Spreadsheet is very well referenced and provides a good audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk. These documents provided good evidence in support of the receipts and payments in the year.

2.2 Payments made under the Local Government Act 1972 Section 137 in the year of account are separately identified.

2.3 VAT payments are tracked and identified within the Expenditure Analysis (to facilitate future re-claims to HMRC).

2.4 A sample of Cashbook transactions in the year was closely examined and found to be in order.

3. Financial regulations and Standing Orders (examination of Financial Regulations and Standing Orders, Tenders where relevant, appropriate payment controls including acting within the legal framework with reference to Council Minutes. Identifying VAT payments and re-claims. Cheque books, paying in books and other relevant documents).

3.1 Standing Orders are in place; they were accepted by the Council at its meeting on 1 March 2018 (Minute 29.18 refers). It was noted that the Council's Standing Orders item 29 refers to the Public Contract Regulations 2006 (at section e) which have since been replaced by the Public Contract Regulations 2015 and requires updating. The National Association of Local Councils (NALC) has recently published updated Model Standing Orders (2018) and the Council may wish to consider adopting those during the 2018/19 year.

3.2 Financial Regulations are also in place and were accepted by the Council at its meeting on 1 March 2018 (Minute 29.18 refers).

3.3 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year.

3.4 The most recent re-imburement of VAT payments from HMRC (of £1,555.35) was received at bank on 10 February 2016. The Clerk/RFO has advised Internal

2

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Internal Audit for Bucklesham Parish Council 2017/18

Audit that a reclaim for the period from the previous claim through to 31 March 2018 is shortly to be submitted to HMRC.

3.5 The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller for the provision of council services (Registration ZA346854, expiring 21 April 2019, refers). The Clerk/RFO reported to the Council on 3 May 2018 regarding the registration (Minute 50.18a refers).

3.6 The Council re-adopted the Suffolk Local Code of Conduct at its meeting on 1 March 2018 (Minute 29.18 refers).

4. Internal Control & the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and minuted accordingly*)

4.1 The Council's Risk Assessment documentation and Internal Audit procedures were considered and accepted by the Council at its meeting on 1 March 2018 (Minute 29/18 refers).

4.2 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk, and the Minutes of the Council must formally record that the review has taken place.

4.3 The Clerk/RFO has kept the Council fully informed about the implications of the new General Data Protection Regulations (GDPR) and the Council was well prepared for the introduction of the Regulations from 25 May 2018. The Clerk/RFO was formally appointed as the Data Protection Officer at the meeting held on 3 May 2018 (Minute 50.18b refers). The Council has prepared a number of formal policies and protocols, including a comprehensive Data Governance Policy and a Personal Data Assessment Matrix, in response to the GDPR. It is suggested that the GDPR should also be included as an item within the Council's Risk Assessment document to identify the risks and to record the actions in place to manage/control the risks posed by the GDPR

4.4 An independent RoSPA Playground Inspection was undertaken by Ipswich Borough Council in the year of account; the report was considered by the Council at the meeting held on 1 March 2018 and action agreed in response to the report (Minute 31.18 refers).

4.5 Insurance was in place for the year of audit; the insurance premium of £364.62 for the forthcoming year was agreed by the Council at its meeting on 7 September 2017 (Minute 92.17 refers). Public Liability cover stood at £10m. and the Employee Dishonesty cover stood at £150,000 (which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants).

Internal Audit for Bucklesham Parish Council 2017/18

5. Transparency Code (Compliance for smaller councils with income/expenditure under £25,000)

5.1 Bucklesham Parish Council is designated as a 'Smaller Council'. The Council's web-site is: <http://buckleshamparish.onesuffolk.net/>

Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
Published – Yes
- b) Annual Governance Statement, Annual Return, Section One:
Published (2017) – Yes
- c) End of year accounts, Annual Return, Section Two:
Published (2017) – Yes
- d) Annual Internal Audit report within Annual Return:
Published (2017) – Yes
- e) List of councillor or member responsibilities:
Published – Yes
- f) Details of public land and building assets:
Published (2017) – Yes
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

5.2 The Council is meeting the requirements of the Transparency Code.

6. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*)

Precept 2017/18: £6,400 (3 November 2016, Minute 103.16).

Precept 2018/19: £8,000 (2 November 2017, Minute 106.17).

6.1 The precepts were agreed in full Council and the precept decision and amount has been clearly Minuted. The Clerk ensures the Council is 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.

6.2 Good budgetary procedures are in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates can be used effectively for financial control and budgetary control purposes.

6.3 The total Reserves available to the Council at the year-end amounted to £6,215.73. As at the 31 March 2018 the Council maintained sufficient reserves and

4

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Internal Audit for Bucklesham Parish Council 2017/18

contingency sums to meet, within reason, any unforeseen items of expense that may occur.

7. Income controls ***(Regarding Precept and other income, including credit control mechanisms)***

7.1 Receipts recorded in the Cashbook Spreadsheet were cross referenced with the bank statements and were found to be in order.

8. Petty Cash ***(Associated books and established system in place)***

8.1 No Petty Cash is held; an expenses system is in place.

9. Payroll controls ***(PAYE and NIC in place; Compliance with Inland Revenue procedures; Records relating to contracts of employment)***

9.1 Payroll Services are being operated in-house; the Council operated Real Time Information during the year in accordance with HMRC regulations. PAYE payments have been made to HMRC in the year.

10. Asset control & valuation ***(Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover).***

10.1 The Asset Register was reviewed and approved by the Council at its meeting on 1 March 2018 (Minute 29.18 refers).

10.2 The Register displays the value of assets as £59,009 as at 31 March 2018 (unchanged from the value as at the end of the previous year).

10.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are displayed at original purchase cost or, where the original purchase price is unknown, a proxy cost which will remain unchanged until disposal.

11. Bank Reconciliation ***(Regularly completed and cash books reconcile with bank statements)***

11.1 The bank statements as at 31 March 2018 for the HSBC Community (Current) Account and the HSBC Community Savings Account reconciled with the End-of-Year accounts and Bank Reconciliation for all accounts.

12. Year End procedures (Regarding 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).

12.1 End of Year accounts are prepared on a Receipts and Payments basis and were found to be in good order.

13. Internal Audit Procedures (That the Council has satisfactory internal financial controls in place and any previous recommendations implemented).

13.1 The Council has satisfactory internal financial controls in place. The Clerk provides financial reports to Council meetings, including bank account balances, and Councillors are provided with information to enable them to make informed decisions.

13.2 Cheque Book counterfoils are initialled by cheque signatories and payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

13.3 The Internal Audit report for the previous year (2016/17) had put forward the following recommendations:

- a) The Council should make some amendments to the Annual Return for 2016/17.
- b) The Council's Standing Orders should be up-dated during 2017/18 to include reference to the Public Contract Regulations 2015.
- c) The Council should confirm that (i) the valuation of assets recorded in the Asset Register complies with the current valuation requirements and (ii) the correct figure is entered into Box 9 of Section 2 of the Annual Return and can be clearly identified from the Asset Register.
- d) The Bank Reconciliation requires correction to reflect the actual HSBC Community Account bank balance as at 31 March 2017.

13.4 The Council appointed the Internal Auditor for the 2017/18 year at its meeting on 1 March 2018 (Minute 34.18 refers).

14. External Audit (Recommendations put forward or comments made following the annual review)

14.1 The Clerk/RFO reported to Council on 2 November 2017 (Minute 109.17) that the External Auditors, BDO LLP, had concluded their review of the 2016/17 year. The External Auditors had issued a separate Issues Arising Report dated 1 September 2017 which had highlighted the following:

- a) The Council must implement the recommendations of the Internal Auditor to improve the financial systems as soon as possible or in any event before the end of the 2017/18 year of account.

Internal Audit for Bucklesham Parish Council 2017/18

- b) Some amendments were required to be made to the Annual Return for 2016/17.
- c) There were some minor issues regarding the comparative figures shown for the previous year in the Annual Return.

15. Additional Comments

15.1 The Annual Parish Council meeting was held on 5 May 2017, within the required time-scale. The first item of business was the Election of Chairman, in accordance with the Local Government Act 1972.

15.2 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.



Trevor Brown, CPFA

Internal Auditor

2 June 2018