

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Kirton & Falkenham Parish 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: £25,276 Expenditure: £16,843 Reserves: £32,242

AGAR Part 3 Completion:

Section One: Yes - not approved

Section Two: Yes - not approved.

It is noted that box 7 of 2016 / 2017 does not equal Box 1 of 2017 / 2018.

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. 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

Reviewed: 8th May 2017 (Minute 3) and 12th March 2018 (Minute 5a).

Financial Regulations in place: Yes

Reviewed: 8th May 2017 (Minute 3) and 12th February 2018 (Minute 9).

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: No

Financial Regulations and Standing Orders in place. Financial Regulations have been updated to include the Public Contracts Regulations 2015.

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

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Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy

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: No

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 was reviewed by individual councillors during March 2018 and the council met on the 14th May 2018, outside the year of audit, to formally agree. Internal controls were reviewed on 8th June 2017 (Minute 9bi).

Recommendation (1): *It is a requirement that the council should formally review the Risk Assessment and minute the review accordingly during the year of account.*

The Council have satisfactory internal financial controls in place. Cheque stubbs and invoices are initialled by signatories. The RFO provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £25,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept.

Recommendation (2): *To review Fidelity Cover in line with 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
Website: www.kirtonandfalkenham.suffolk.cloud

The Council is not subject to the requirements of the Transparency Code for smaller Councils.

Budgetary controls	<p>Verifying the budgetary process with reference to council minutes and supporting documents</p> <p>Precept: £16,075 (2017/2018) Date: 9th January 2017 (Minute 4iii) Precept: £18,000 (2018/2019) Date: 8th January 2018 (Minute 7iii).</p> <p><i>Satisfactory 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.</i></p>
Income controls	<p>Precept and other income, including credit control mechanisms</p> <p><i>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.</i></p>
Petty Cash	<p>Associated books and established system in place</p> <p><i>No Petty Cash held A satisfactory expenses system is in place with supporting paperwork.</i></p>
Payroll controls	<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>The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place but the P60 has not been presented as part of the audit file. The Council are aware of the pension regulations and have taken the appropriate steps.</i></p> <p>Recommendation (3): <i>Copy of P60 to be maintained in Audit File as part of year-end process.</i></p>
Asset control	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p><i>A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £7,482</i></p>

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. Bank balances as at 31st March 2018 were confirmed as:

<i>Barclays Community</i>	<i>£ 1,422.69</i>
<i>Barclays Business Premium</i>	<i>£16,897.49</i>
<i>Unity Trust</i>	<i>£13,921.59</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 a Receipts & Payments Basis.

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 10th July 2017 (Minute 9biii).

The Internal Audit report was considered by the Council at a meeting held on 10th July 2017 (Minute 9biii).

Heelis & Lodge were appointed Internal Auditor at a meeting held on 8th May 2017 (Minute 6b).

External Audit *The External Auditor's report was considered by the Council at a meeting held on 16th October 2017 (Minute 6aii)*

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 08/05/2017, 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 RFO to the Council for the quality of documentation presented in the Audit File.

Dave Crimmin

Dave Crimmin PSLCC

Heelis & Lodge

31st May 2018

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Annual Internal Audit Report 2017/18

Kirton and Falkenham Parish Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ NO PETTY CASH KEPT
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. (For local councils only)			
Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

31/05/18

Name of person who carried out the internal audit

DF CLIMIN (ON BEHALF OF HEENS + LODGE)

Signature of person who carried out the internal audit

St. Climin

Date

31/05/18

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).


Section 2 – Accounting Statements 2017/18 for

Kirton and Falkenham Parish Council

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	26960	23808	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	14995	16075	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	4422	9201	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	4682	5892	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	17886	10,950	Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	23809	32242	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	23809	32242	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	7482	7,482	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets.
		✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer



Date

21/05/18

I confirm that these Accounting Statements were approved by this authority on this date:

11/06/18

and recorded as minute reference:

Signed by Chairman of the meeting where approval of the Accounting Statements is given



Kirton and Falkenham Parish Council
STATEMENT OF ACCOUNTS

	RECEIPTS	PAYMENTS
Balance at Bank	23,808.30	
Precept	16,075.00	
SCC Locality Grant	800.00	
SCDC Community Enabling Fund	2,500.00	
Bank Interest	15.37	
Collections	165.00	
Salaries /PAYE		5,892.08
Stationery/Post/Telecoms		396.99
Mileage		75.60
Insurance		1,238.01
Annual subscriptions		524.01
Councillor Expenses		95.50
Semi-Annual Grants		4,500.00
Section 137/145 Grants		1,820.00
Audit		100.00
Training		38.00
Website and Accounting Licences		375.54
Village Green grass cutting		575.00
Publicity		175.50
Village Green Electricity		32.90
Repairs and Replacements		73.50
VAT Refund RG	5,535.53	587.73
Bank Charges		54.00
VAT	185.20	288.27
	25,276.10	16,842.63
Closing Balances:		
Balances in Bank Account		32,241.77
TOTAL	49,084.40	49,084.40

Kirton and Falkenham Parish Council
Summary of Receipts and Payments
All Cost Centres and Codes

Cost Centre A - Receipts

Code	Title	Receipts			Payments			Net Position +/- Under/over spend
		Estimated	Actual	Variance	Estimated	Actual	Variance	
1	Precept	16,075.00	16,075.00					
2	SCC Locality Grant		800.00	800				800
3	SCDC Community Enabling Fund		2,500.00	2,500				2,500
4	Bank Interest		15.37	15				15
5	Other Grants and Donations							
6	Collections		165.00	165				165
29	VAT Refund RG		5,535.53	5,536		587.73	-588	4,948
30	VAT Refund PC							
SUB TOTAL		16,075.00	26,080.90	9,016		587.73	-588	8,428

Cost Centre B - Administration

Code	Title	Receipts			Payments			Net Position +/- Under/over spend
		Estimated	Actual	Variance	Estimated	Actual	Variance	
7	Salaries /PAYE				5,882.00	5,892.08	-10	-10
8	Stationery/Post/Telecoms				770.00	396.99	373	373
9	Mileage				125.00	75.60	49	49
10	Insurance				1,822.00	1,238.01	584	584
12	Annual subscriptions				607.00	524.01	83	83
13	Councillor Expenses				180.00	95.50	85	85
20	Audit				190.00	100.00	90	90
21	Training				202.00	38.00	164	164
22	Election Costs							
23	Website and Accounting Licences					375.54	-376	-376
26	Publicity				202.00	175.50	27	27
31	Bank Charges					54.00	-54	-54
SUB TOTAL					9,880.00	8,965.23	1,016	1,016

Cost Centre C - Recreation Ground

Code	Title	Receipts			Payments			Net Position +/- Under/over spend
		Estimated	Actual	Variance	Estimated	Actual	Variance	
14	Semi-Annual Grants				4,554.00	4,500.00	54	54
16	Hedge-cutting contribution							
17	VAT Refund/Advance							
SUB TOTAL					4,554.00	4,500.00	54	54

Cost Centre D - Section 137/145 Grants

Code	Title	Receipts			Payments			Net Position +/- Under/over spend
		Estimated	Actual	Variance	Estimated	Actual	Variance	
15	Section 137/145 Grants				1,822.00	1,820.00	2	2
SUB TOTAL					1,822.00	1,820.00	2	2

Cost Centre E - Environment

Code	Title	Receipts			Payments			Net Position +/- Under/over spend
		Estimated	Actual	Variance	Estimated	Actual	Variance	
19	Village Green Tree and Shrub cut				300.00		300	300
24	Village Green grass cutting				510.00	575.00	-65	-65
27	Village Green Electricity				30.00	32.90	-3	-3
28	Repairs and Replacements					73.50	-74	-74
SUB TOTAL					840.00	681.40	158	158

NET TOTAL	16,075.00	26,080.90	9,016	17,198.00	18,554.38	842	8,658
V.A.T.		185.20			288.27		
GROSS TOTAL		26,276.10			18,842.65		

KIRTON & FALKENHAM PARISH COUNCIL

Asset Register 2018

<u>Date</u>	<u>Description</u>	<u>Location</u>	<u>Cost/Value</u>	<u>Status</u>	<u>PC asset £</u>
01/03/1973	Village Green	Falkenham/Trimley Road junction	£1.00	Historic	
28/03/1983	Bus Shelter	Village Green	£1,500.00	Historic	1500
25/07/1989	Village Sign	Village Green	£230.00	Historic	230
19/10/1999	9 No sand bins	Various roadsides	£520.00	Historic	520
20/07/2002	2 No dog bins	Various roadsides	£162.00	Replacement cost	162
18/11/2004	1 set tree lights	Village Green	£250.00	Replacement cost	250
17/01/2005	Notice board	Village Green	£717.00	Replacement cost	717
12/01/2006	Cashbook software	Clerk	£80.00	Historic	80
02/09/2006	No-Parking signs	Village Green	£150.00	Historic	150
30/10/2006	2nd set tree lights	Village Green	£253.00	Replacement cost	253
22/11/2006	2 No grit bins	Church Ln/Oakdene	£319.00	Replacement cost	319
01/12/2006	Dell laptop computer	Clerk	£1.00	Nominal value	1
09/02/2008	BX300F photocopier	Clerk	£58.00	Replacement cost	58
30/06/2010	Memorial Plaque	Village Green	£30.00	Replacement cost	30
10/09/2012	Jubilee beacon	Village Green	£196.00	Replacement cost	196
16/11/2012	3rd set tree lights	Village Green	£344.00	Replacement cost	344
11/12/2013	Tree light safety equ	Village Green	£50.00	Replacement cost	50
11/12/2013	Laptop + hard drive	Clerk	£500.00	Replacement cost	500
10/03/2014	1 No dog bin	Falkenham Dog	£200.00	Replacement cost	200
05/01/2015	2 picnic tables	Village Green	£938.00	Replacement cost	938
28/03/2015	3 dog bins	Back Road	£200.00		200
		Bucklesham Road	£200.00	Replacement cost	200
		Back Lane	£200.00		200
01/09/2015	Defibrillator	White Horse PH	£1,200.00	Replacement cost	
19/09/2017	Footpath NB sign	Village Green	£404.00	Replacement cost	404
13/03/2018	Verge posts	Village Green	£700.00	Replacement cost	
			<u>Total PC assets</u>		<u>£7,482</u>
<u>Recreation Ground</u>					
26/06/1929	Recreation Ground	Back Road	£1.00	Nominal value	
Pre-1991	Kiddies swings	Recreation Ground)			
09/09/1992	Play equipment	Recreation Ground)			
	rdbt, 2 spring seats	Recreation Ground)	£8,900.00	historic cost	
02/09/1997	Children's swings	Recreation Ground)			
	Children's slide	Recreation Ground)			
Pre-1991	Floodlighting	Recreation Ground	£3,000.00	historic cost	
Pre-1991	Goalposts	Recreation Ground	£300.00	historic cost	
Pre-1991	Hover mower	Recreation Ground	£400.00		
01/07/1991	Logworld	Recreation Ground	£10,000.00	historic cost	
01/01/1993	Playarea fencing	Recreation Ground	£3,200.00	historic cost	
05/04/2004	Pavilion	Recreation Ground	£222,000.00	historic cost	
13/10/2008	Basket ball frame	Recreation Ground	£800.00	historic cost	
14/09/2009	Play area safety surf.	Recreation Ground	£14,000.00	Replacement cost	
01/01/2007	Security Camera	RG pavilion	£2,000.00	Replacement cost	
01/04/2007	Furnishings, games Equipment	RG pavilion	£5,665.00	Replacement cost	
01/11/2007	Litter bin	RG pavilion	£337.00	Replacement cost	
09/07/2012	Zip Wire	Recreation Ground	£3,750.00	Replacement cost	
09/07/2012	Exercise equip X 6	Recreation Ground	£5,400.00	Replacement cost	
09/07/2012	Safety matting	Recreation Ground	£2,550.00	Replacement cost	
01/06/2014	2 No picnic tables	Recreation Ground	£940.00	Replacement cost	
01/11/2015	5-a-side facility	Recreation Ground	£15,100.00	Replacement cost	
01/11/2015	Goal store	Recreation Ground	£1,985.00	Replacement cost	
20/12/2016	Defibrillator	RG Pavilion	£12,000.00	Replacement cost	
01/04/2017	New playequipment	Recreation Ground	£21,000.00	Replacement cost	

Kirton and Falkenham Parish Council

	Bank Reconciliation at 31/03/2018		
	Cash in Hand 01/04/2017		
			23,808.30
	ADD		
	Receipts 01/04/2017 - 31/03/2018		25,276.10
			49,084.40
	SUBTRACT		
	Payments 01/04/2017 - 31/03/2018		16,842.63
A	Cash in Hand 31/03/2018 (per Cash Book)		32,241.77
	Cash in hand per Bank Statements		
	Cash 01/06/2017	0.00	
	Barclays Community 31/03/2018	1,422.69	
	Barclays Business Premium 31/03/2018	16,897.49	
	NS&I Recreation Ground 12/10/2017	0.00	
	NS&I Village Green 12/10/2017	0.00	
	Unity Trust 31/03/2018	13,921.59	
			32,241.77
	Less unrepresented cheques As attached		0.00
			32,241.77
	Plus unrepresented receipts As attached		0.00
	B Adjusted Bank Balance		32,241.77

Kirton and Falkenham Parish Council

SUMMARY OF VAT POSITION

Actual to date	
Brought Forward	£0.00
Receipts	£185.20
Sub Total	£185.20
Payments	£288.27
Bal. carry/fwd.	-£103.07