



Local Council Internal Audit Report

Year ending: 31st March 2017

Name of Council:	Framlingham Town Council
Income:	£171,660.00
Expenditure:	£165,758.00
Precept Figure:	£121,240.00
General Reserve:	£124,825.73
Earmarked Reserves:	£153,410.37

Annual Return Completion:

Section One:	Completed
Section Two:	Completed
Section Four:	Completed

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.

Framlingham Town council uses RBS Alpha software. The cashbook is prepared on a Income and Expenditure basis. It is well referenced and there are monthly reconciliation on books and the bank statements. Supporting paperwork was provided.

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: Standing Orders are in place and up to date with current legislation. Last updated 4/8/16. – Review Date Sept 2017

Recommendation: None

Financial Regulations in place and last updated: Financial Regulations are in place and up to date with current legislation. Last updated 4/8/16. – Review date – Sept 2017

Recommendation: None

Supporting paperwork for payments and appropriate authorisation.

All payments are approved at full council meeting and are listed in the minutes. The council uses on-line banking and appropriate authorisation is used.

VAT reclaimed during the year: Documents were provided and VAT is separately listed in the cash book.

Claimed - £3,613.92 – Not yet received.

Claimed - £2,159.11 – received.

Claimed - £2,251.50 – received.

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

The council adopted the General Power of Competence on 4/6/15 (ref 1154615).

S137 separately recorded and expenditure complied with.

N/A Has adopted the General Power of Competence.

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.

The Suffolk Code of Conduct was adopted 3 July 2014 and contains the update from the 2012 version.

Recommendation: None.

3. Risk Management

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

In place and all in order last reviewed 2/3/17.

Recommendation: None.

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

The council's insurance policy is with Zurich and expires 31/5/18.

Public Liability = £10,000,000.00

Employer's Liability = £10,000,000.00

Fidelity = £250,000.00.

All are within guidelines.

4. Budgetary controls

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

The budget was properly prepared and submitted to council and minuted: 7/1/17 (minute 1537116).

The council agreed to a 2 % increase on last year's precept.

Regular reporting of expenditure and variances from budget.

The budget is monitored during the year and a variance report was produced.

5. Income Controls

Precept and other income, including credit control mechanisms.

The precept received this year was £121,818.96. This is a precept of £121,240.00 and a grant of £578.96.

Reserves: £124,825.73

Earmarked Reserve: £153,410.37

6. Petty cash/expenses procedure

Established system in place and associated supporting documents.

There is no petty cash system in place.

7. Payroll controls

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

The Council is making monthly contributions to the pension scheme and making regular returns to HMRC with regard to tax and NI requirements.

Records relating to contracts of employment.

All staff have relevant employment contracts in place. The Council has also met the requirement for auto enrolment and offer a pension scheme to staff.

8. Asset control

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

Asset Register is in place and has been cross checked against insurance cover. All is in order.

Assets Total £401,328.04

9. Bank reconciliation

Regularly completed and cash books reconcile with bank statements.

Reconciled monthly – year end figures are as follows:

1. HSBC Mon/Man/Ent Acct :-	£11,763.
2. HSBC Money Manager Acct:	£57,226.
3. HSBC Current Acct:	£25,302.
4. Skate Park Acct:	£2.
5. CIL Fund:	£10,848.
6. HSBC Bond 9304117	£29,397.
7. VAT Control A/c	£3,614.
8. Prepayments	£486.
Total =	£138,639.

Less

Creditors £13,263.

Receipts in advance £551

Total less liabilities =£124,826

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.

20 samples audit trails were taken from minutes through to bank statements. These were also checked against creditors and debtors and all were found to be in order.

Appropriate accounting procedures have been used and year end completed and balanced.

11. Sole Trustee

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

The council is not a sole trustee.

12. Internal Audit procedures

Date review completed: 24/5/2017

Recommendations from previous internal audit: The previous audit was not prepared by Local Council Public Advisory Service. This was prepared by Heelis and Lodge. The only recommendation was that the council consider long term investments as assets.

This has now been completed.

13. Additional comments

Annual meeting of the council: 5/5/16.

Annual meeting of the parish/town: 28th April 2016.

Appointment of internal auditor: 6/4/17 (minute (11-1146417) Local Council Public Advisory Service were appointed as this year's internal auditor.

Transparency code: Up to £25000.00 – Code for smaller authorities N/A

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

Is the council registered with the ICO? Yes the council is registered with the ICO

Registration ref: Z930379.

Minutes and Agendas:

Selections of agendas and minutes for the last financial year including the Annual Meeting of the Council were reviewed. All were found to lawfully convened and recorded.

Any other supporting information:

As the council is going to undertake significant spending on projects this year and that there is a very short contingency, we would recommend that the council try to increase their cash reserves. Appreciating the fact that there is money tied down in investments, this money may not be available as a contingency.

We have included an Appendix A. to this report. These are suggestions that do not necessarily fall within the Internal Audit guidelines, but we feel may be helpful to the council.

Julia Prior

Julia Prior – Deputy Chief Executive Officer

Local Council Public Advisory Service

Date: 6th June 2017

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