

2011

PREPARED BY
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YEAR END INTERNAL AUDIT
01/04/10 -31/03/11
SEDLSCOMBE PARISH COUNCIL

- The internal audit for Sedlescombe Parish Council for the financial year ending 31st March 2011 was carried out on Wednesday 4th May 2011 at Woodland Cottage, Chapel Hill, Sedlescombe, Battle, East Sussex TN33 0QX
- The internal audit also covered a review of the accounts for the Playing Field & Recreation Ground charity of which Sedlescombe Parish Council is the sole trustee.
- Information for the audit was provided by Pauline J Raymond (Parish Clerk and Responsible Financial Officer)
- The end of year internal audit was carried out in accordance with guidelines in the publication 'Governance and Accountability for Local Councils 2010' and with reference to the Sedlescombe Parish Council Audit Plan 2009/10 and the Sedlescombe Parish Council Internal Audit Terms of Reference August 2010

Sedlescombe Parish Council

General Opinion – The financial business of Sedlescombe Parish Council is effectively and efficiently managed and I am confident that Pauline Raymond carries out her duties as Parish Clerk and Responsible Financial Officer in a manner which is to the highest standards and that she is extremely professional in her approach. Records are kept in good order and there are appropriate and adequate systems of internal financial control in place.

At the time of my visit to carry out the Internal Audit procedure all necessary paperwork was made available and laid out for my inspection and in good order and up to date.

Finances are recorded as Income and Expenditure and the accounts packages used are Money Manager and Payroll Manager.

The Clerk/RFO explained the day to day running of the Parish Council and provided me with an insight to the village, including recent projects that have been undertaken and recent major items of expenditure which included the refurbishment of the Pump House. This was an excellent introduction and provided me with valuable information to my checking the finances and business of Sedlescombe Parish Council.

1 Book-keeping

The record of receipts and payments is up to date and accurately recorded. The cash book is verified against the bank statements and checked against invoices and cheques for payment and paying in slips.

I found that there is a robust system of checking and internal financial control in place which is efficiently managed and recorded by the check sheet for the Chairman of the Finance Committee (carried out on a monthly basis).

This covers the following checks:

- Unpresented cheques and deposits
- Receipts, paying in book and bank statements
- Cheque list against bank statement
- Invoices against payments
- Signing of cheques and stubs
- Petty cash payments
- Computer banks statements and bank reconciliations
- Purchases, sales, VAT and income and expenditure entries on bank reconciliation

2 Financial Regulations

The Financial Regulations of Sedlescombe Parish Council are in accordance with the Accounts and Audit Regulations 1996 and were last amended 16/11/2010. I was able to view supporting documentation that assured me that the finance committee review the Financial Regulations periodically and make recommendations for amendments as required.

3 Standing Orders

The Standing Orders of Sedlescombe Parish Council were last amended on 16/11/2010 and are in line with the new NALC model.

4 Payment Controls

I am satisfied that all spot checks I carried out had a clear audit trail and that payments were matched by corresponding invoices, had correct entries in the bank statements and were recorded correctly in the payment list presented to full council to be ratified /approved.

I tracked the following cheque numbers:

102802	£71.46
102801	£2022.18
102790	£300
102787	£3425.13
102781	£500
102771	£798.22
102773	£5463.75
102762	£105.76

I found no cause for concern or evidence that the parish council was not acting within its powers. There was supporting paperwork for each of the above items of expenditure and VAT where appropriate was identified to be reclaimed.

All cheque stubs had been checked and initialled by Pauline Glew as Chair of the Finance Committee as had all bank statements.

5 Risk Management

I viewed the insurance documents from Aviva and confirmed that fidelity guarantee insurance is in place for £100,000 and public liability of £10 million. The certificate of employer's liability insurance is also in place. The minutes did not reveal any unusual activity or areas where there was undue risk to the council's business. I was also able to inspect the copy of insurance from Ansvar (Charity Connect Policy) for the sports field which is valid until 16/05/11.

On the whole I am satisfied with the risk management documents. There are a few points which the councillors may wish to consider:

- East View Terrace kick about area – the risk assessment states that **regular** inspection and maintenance should take place. Risk assessments should be site and task specific and councillors may wish to define the regularity of the check i.e. daily, weekly, monthly
- Red Barn – again the term **regular** is used in relation to the loosening of screws/theft of gate. Councillors may wish to determine the regularity of these checks to be detailed in their risk assessment documentation.
- Riverside Playground – whilst the risk assessment states that a weekly inspection of equipment should take place, the inspection of damage to fencing is stated as **regular** – councillors may wish to consider determining the regularity of inspection to be stated in the risk assessment documentation

- Sports field – Whilst I have no cause for concern from the documentation I viewed, I would wish to ensure that councillors maintain the good practise of checking that the Sports Association continue to supply copies of valid in date copies of their public liability insurance to be kept on file at all times by the parish council.
- Damage to car park surface- control measures currently not identified. Councillors should consider the risk management and frequency of checks to be put in place.

The Parish Council's schedule for assessing risk is effective and shows that adequate controls are in place- as follows:

Insurance	Annual
Tree maintenance	Annual
Banking	Annual
Budget	Quarterly
Bank reconciliation	Quarterly

6 Budgetary controls

The budget is well constructed and in line with the precept and includes monies to cover emergency expenditure.

The budget is monitored on a quarterly basis by the Finance Committee as part of their terms of reference. Statements of income and expenditure are compared against budgeted amounts and all variances from budget are clearly noted and explained. Minute number F10/11.37 of the meeting of the Finance Committee relates to the first draft of the 2011/12 budget holding the precept at the same level as the previous year (£31,500)

Minute number F10/11.54 records that the second draft budget was considered at the meeting held on 15/12/10 and that the recommendation that the 2011/12 budget be adopted by the council and a precept of £31,500 be requested was approved.

7 Income controls

I am confident that income received is promptly banked and recorded (for example the sale of advertising space in the annual report and directory) and that grants and precept have been received into the bank account of the parish council. (For example 28/09/10 a direct credit by Rother District Council of £15,750 being half payment of the precept).

I carried out spot checks on deposits as follows:

11/2/11	£320
16/3/11	£131.81
09/11/10	£ 1.89
28/05/10	£163.75

There were no inaccuracies or cause for concern.

There are only small amounts of cash handled which I feel carries a low risk.

8 Petty cash procedures

Sedlescombe Parish Council has a petty cash float of £20 for small items of expenditure. All items of expenditure above this amount are covered by the Clerk (personal credit card) and then reimbursed after subsequent ratification or approval at the next parish council meeting. I am satisfied that this system poses a low financial risk to the Parish Council.

The Finance Committee minutes of 15/12/2010 -F10/11/50 record that the clerk receive a grant for office maintenance of £200 for 2011/12 and 50% reimbursement of phone line/calls and internet.

Minute F10/11/52 of the same meeting show the approval of the RFOs delegated financial powers which includes the amount of petty cash float, and spending on stationary and booking training courses up to budget amount.

The petty cash statements are checked on a monthly basis by the Chair of the Finance Committee.

9 Payroll controls

Sedlescombe Parish Council only has one employee – Pauline Raymond who is the Parish Clerk and RFO.

I have viewed Minute number F10/11.23 of the meeting of the council 14/11/2010 where it was noted that there was no increase in the Clerk's salary for this financial year nor none expected for the next year. The clerk receives a salary of £13,768.65 2009-10 to 2010-11 until revised scales are announced, based on level 30 for 20 hours per week.

With reference to the Clerk's gratuity fund it was resolved that this be increased to £31,000 in accordance with the budget. It is noted that the external auditors Mazars have enquired about the gratuity fund as the amount is in relation to approx 100% of that of the annual precept, but that they have not made comment or recommendation for the future. The present clerk has been in post for 36 years and the gratuity sum is in proportion to the length of service. The contract of employment from 1979 states that the clerk should receive twice the annual salary on retirement. Councillors may wish to investigate how best this money should be invested and accounted for.

At the date of my internal audit the P14 end of year summary was complete and the P32 employers' payments for NIC and Tax agreed.

Salary £11,606.76, Tax £2,161.80 and NIC £1,031.28

I am satisfied that Sedlescombe Parish Council is meeting their responsibilities as an employer and have no cause for concern.

10 Asset controls

I was able to view itemised Asset Register giving details of land and property in the Parish Council's ownership, some of which was recorded by photographs. The land and property file contains Land Registry documents, Deeds of Variation and detailed briefing notes provided by the clerk with explanations regarding the differences between lease and licence where there has been transfer of land and planning applications. The file provides an excellent record of what has happened over the years. There is an annual village inspection carried out which results in a schedule of works to inform budget planning for the following year.

The Asset Register was up to date but the one held on file had not been totalled and I was initially unable to verify this against the amount on the Annual Return. However, this matter was quickly rectified by the Clerk and I was able to verify the amount and duly complete the Internal Audit section of the Annual Return.

11 Bank reconciliations

Bank reconciliations are performed on a monthly basis for all three accounts:

I did not find any unexplained balancing entries and the reconciliation total for the end of March 2011 was as follows and matched the amounts on bank statements for year end.

Barclays Community Account	£13004.51
Barclays Business Saver Account	£20567.02
West Bromwich Building Society	£14938.01

There are effective procedures in place regarding the checking of bank reconciliations by the Finance Committee and Chair and bank reconciliations are presented to full council every other month. The following minute numbers apply as examples:

- C10/11.14.3 Bank reconciliations for April 2010
- C10/11.31.1 Bank reconciliations for May and June 2010
- C10/11.72.1 Bank reconciliations for September and October 2010
- C10/11.90.1 Bank reconciliations for November and December 2010
- C10/11.106.1 Bank reconciliations for January and February 2011

12 Year end procedures

Final accounts for 2010/11 will be put to full council for approval at their meeting on 17/05/11.

I am satisfied that the yearend accounts are prepared on the correct accounting basis, being income and expenditure and that the accounts agree with the cash book. I am confident that there is a clear audit trail contained in the minutes, financial records and accounts. The VAT return is completed on a quarterly basis and was up to date and that Sedlescombe Parish Council is run and managed in a professional and efficient manner.

Angela Alexander
9th May 2011