

Sedlescombe
Parish
Council

2012

YEAR END INTERNAL AUDIT

01/04/11 to
31/03/12

General Observations

- The Internal Audit for Sedlescombe Parish Council for the financial year ending 31st March 2012 was carried out on Friday 27th April 2012 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 and Recreation Ground Charity
- Information for the Internal Audit was provided by Pauline J Raymond who is the Parish Clerk and Responsible Financial Officer for Sedlescombe Parish Council
- 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
- At the time of my visit to carry out the Internal Audit all paperwork was available for my inspection. The records of the Parish Council are up to date and maintained in excellent order.
- The External Audit is to be carried out by Mazars. The notice of appointment of exercise of electors' rights had been prepared by the clerk who will make documents available between 25th June and 20th July upon reasonable notice should Electors wish to make inspection of the accounts and other items relevant to the accounting statements.
- The Clerk/RFO began by providing an overview of events during the past financial year for the Parish Council and plans/works under consideration or upcoming for the future. This provided a useful insight into Parish Council activities and provided valuable information in line with my checks carried out during the Internal Audit.

1. Book-keeping

The Parish Clerk/RFO maintains a detailed account of all transactions, the recording of receipts and payments is up to date.

All paperwork is kept in excellent order and I am confident that all aspects of the Parish Councils financial business are attended to promptly and with a keen eye for detail by the Clerk/RFO.

2. Financial Regulations

The Financial Regulations are in accordance with the Accounts and Audit regulations 1996 and were last reviewed and amended on 16th November 2010.

At last year's Internal Audit I noted that the clerk was exploring alternative banking and payment options; I would recommend that should NALC provide updated guidance on this matter that Financial Regulations be reviewed and amended accordingly.

3. Standing Orders

The review of Standing Orders was last undertaken in 2010 and approved at the Parish Council meeting held on 16/11/10 minute number C10/11.77.1

4. Payment Controls

The Chair of the Finance Committee (Pauline Glew during this financial year) inspects and monitors the bank statements (received on a monthly basis for Barclays Community Account), invoices for payment, and signs cheques on a monthly basis. A second councillor provides an additional signature on cheques. The clerk had prepared an impressive spread-sheet which clearly demonstrated the financial business of the council from 1 April 2011 to 31 March 2012 recording income and expenditure against budget on a monthly basis, fully annotated with explanatory notes and showing the summary in accordance with the Audit Return Form. This was made available for the Chair of the Finance Committee to perform internal checks and for the internal audit. I found this to be an excellent document, clear, concise and uncomplicated.

The spot checks that I carried out raised no cause for concern, I was able to follow a clear audit trail from decision making and assured that payments made were matched by corresponding and correct invoices, agreed with the entries on the bank statements and were recorded accurately in the payment list provided to full council meetings.

I tracked the following cheque numbers through the above audit trail:

102816	£35.00
102825	£1085.20
102834	£605.95
102858	£180.00
102878	£200.00
102881	£420.00
102896	£1,224.43

My area of recommendation is around the initialling of cheque stubs by *both* signatories. I noted that during this financial period several cheques had only one councillor's initials. They are as follows:

Cheque/s No	Month
102823	April 2011
102833 to 102841	June 2011
102865 to 102878	October/November 2011
102908 to 102909	March 2012

There was a total of 27 cheque stubs bearing only one councillor's initials.

There had been no S137 expenditure during this financial year.

5. Risk Management

Sedlescombe Parish Council separates their management of potential risk into three main areas:

Insurance Cover- I was able to view the insurance documents from Aviva which covers the protection of the Parish Council's physical assets, risk of damage to third party property and individuals, risk of injury to the clerk and councillors and public liability. The fidelity guarantee is also in place.

Internal Controls-Up to date inspection of and register of assets and is kept by the Parish Council. An annual inspection of the village was undertaken by the Chair of the Finance Committee, the Clerk and Councillor Chapman on 15/08/11 and 12/09/11 and they were joined by members of the Sports Association during the inspection of the Sports Field. From these inspections a list of works required are prepared.

Contracts are reviewed on an Annual basis.

Internal Financial Controls- Monthly financial checks are carried out by the Chair of the Finance Committee using a Chairman's checklist. The Finance Committee approved the effectiveness of their Internal Financial Controls during 2010-11 at its meeting on 06/09/11 (Minute number F11/12.21.2).

Although it is no longer a requirement for the effectiveness of the Internal Audit to be reviewed annually I feel that this thorough approach by SPC is indeed good practise.

A Risk Assessment of the Pavilion by parish councillors with appropriate experience in building and electrics on 18/12/11 and a list of recommendations subsequently passed to the Sports Association Committee. The Terms and Conditions on the Sports Association booking form will be amended to include requirements of the Parish Council in respect of risk.

The Parish Council obtains confirmation of adequate insurance cover for the Pavilion by the treasurer of the Sports Association on an annual basis.

I am satisfied that the Parish Council are adequately assessing and managing their risk in this area.

I would recommend that Sedlescombe Parish Council ensure that risk assessments and appropriate and adequate event insurance cover certificates are requested from all organisations wishing to hold events on Parish Council land. These should be presented to the clerk one month in advance of the event being held and copies retained by the clerk. Councillors may wish to consider that this request be detailed in a Terms and Conditions of use of Parish Council land agreement.

6. Budgetary Controls

I was able to view the budget alternatives 1, 2 and 3 which were presented to the council for consideration- I note that Budget option 3 was approved by full council at their January meeting.

The budget is well constructed and easy to follow with explanatory notes. Monthly monitoring against budget is recorded for both expenditure and income this is checked by the Finance Committee Chair on a monthly basis, **monitored by the Finance Committee at its quarterly meetings** and is presented to full council every two months.

I am satisfied that Sedlescombe Parish Council has excellent budgetary controls and that adequate monitoring takes place.

7. Income Controls

The bank paying in book was available for my inspection and all deposits made corresponded with entries on the bank statements. The precept payments had been received and were correct.

I carried out spot checks on deposits as follows:

Precept 1 st instalment	£15,750 received 05/04/11
200110	£15.00
200114	£900.00
200116	£200.00
200119	£92.00

200122

£11.00

I am confident that all payments received by the clerk are recorded accurately and banked promptly.

8. Petty Cash Procedure

Sedlescombe Parish Council continues to maintain a petty cash float for the clerk's use on small items of expenditure. Other items are paid for by the clerk and then reimbursed by cheque payment to the clerk. I noted an increase in the number of items reimbursed in this way during this financial period. The clerk explained that this had been caused by the absence or indisposition of signatories at some points. I am satisfied that this situation was largely unavoidable and I am aware that Barclays Bank only allow for 3 named signatories on their mandate forms. The present clerk does not object to using her own funds to make payments on behalf of the council and these being reimbursed at the following meeting. Should there be a change of clerk in the future the council may wish to satisfy themselves that this method would not financially inconvenience a new clerk in post.

Petty cash statements are checked by the Chair of the Finance Committee

I am satisfied that controls over cash and near cash are in place and effective.

9. Payroll Control

Sedlescombe Parish Council has only one employee – Pauline Raymond who is the Parish Clerk/RFO. During this financial period the clerk received a salary of £13,768.56 which shows no increase from the previous year's salary. At the time of the Internal Audit the P11 deductions working sheet was completed as was the P14 end of year summary, I was also able to view the P35 and P32 and the clerk's pay slips. All the documents relating to pay and tax/NIC deductions were completed and in good order. I did not have any cause for concerns in the area of payroll control. I note that the clerk's gratuity fund has been increased to the sum of £31,337.45 to cover the potential costs to the Parish Council of National Insurance payments in relation to this fund. Whilst there are changes to the requirements surrounding payment of gratuity funds I was able to view a letter confirming that Pauline Raymond is entitled to the payment of this fund on her retirement.

10. Asset Controls

The Asset Register for March 2012 was available for my inspection and provides detail of land and property in the Parish Council's ownership. A review of the value of assets has been recently carried out by the Parish Council and an increase in valuation has been made to some areas with effect from 27th March 2012, which includes East View kick-about area, Red Barn Field, Sports Field and Pavilion, Noticeboards, Bus shelter and furniture, seat and picnic tables, litter and dog bins, tapestry and map and office equipment and tools.

The total of the Asset Register for March 2012 was £292,326 this amount agreed with the amount in box 9 of the Annual Return.

Records of Assets are kept in good order by the Clerk and I am assured that the physical assets are inspected and that insurance of assets is in adequate.

Aviva Insurance provide the following cover (until June 2011)

Buildings	£159,135
Office contents	£ 4,698.73
Street Furniture	£ 5014.96

11. Bank Reconciliations

I am satisfied that the bank reconciliations are accurate and do not contain any unexplained entries and that they are provided for inspection to the Chair of the Finance Committee on a monthly basis and presented to councillors at full council meetings every other month. I was able to view the inclusion of bank reconciliations filed with council minutes as follows:

April 2010

May – June 2010

July – August 2010

September- October 2010

November- December 2010

January- February 2010

The bank reconciliations for the year end March 2012 were as follows:

Barclays Community Account	£12226.39
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West Bromwich Building Society £14946.90

Co-operative Bank £21166.90

It is my opinion that there are effective procedures in place and I did not find any areas of concern.

12. Year End Procedures

Final accounts for 2011/12 will be put before full council for approval at their meeting on 08/05/12

I am confident that the year-end accounts are correctly prepared. VAT has been reclaimed and that the completion of the boxes in the Annual Return Form is correct. I have no hesitation in completing the Internal Auditors section of the Annual Return and am confident that the Clerk/RFO provides an excellent and professional service to Sedlescombe Parish Council.

Angela Alexander

5th May 2012