

Sedlescombe
Parish
Council

2013

YEAR END INTERNAL AUDIT

01/04/12 to
31/03/13

General Observations

- The Internal Audit for Sedlescombe Parish Council for the financial year ending 31st March 2013 was carried out on Friday 26th April 2013 at Woodland Cottage, Chapel Hill, Sedlescombe, Battle, East Sussex TN33 0QX
 - The Internal Audit included an inspection 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 and the Sedlescombe Parish Council Internal Audit Terms of Reference
 - The records of the Parish Council were available upon my arrival to carry out the Internal Audit all areas are up to date and maintained in excellent order.
 - The External Audit is to be carried out by Littlejohn this year and Sedlescombe Parish Council has been selected as one of the 5% of Parish Councils who will be required to provide additional information as part of the audit process – copies of bank statements and the notice of inspection of electors rights to inspect the accounts. The notice of appointment of exercise of electors' rights had been displayed on 25th April.2013 in accordance with the dates provided by Littlejohn.
1. The Clerk/RFO provided a summary of activity throughout the past financial year including background to the preparatory ground and fencing works for the installation of a MUGA. at the Tennis Courts which has been made possible by successful grant applications and a loan of £9,000 taken out by the Parish Council from PWLB to make up the shortfall. The computer equipment has also been upgraded with the purchase of a quiet PC. An amount of £7,500 has been put into the budget towards the cost of producing a Neighbourhood Plan which will be

supplemented by the Parish Council applying for £7,500 Government grant. The Parish Council have begun the tendering process to appoint a Planning Consultant to assist with the process.

There has been an increase of £7,000 in the precept request for the current financial year (2013-14), although a change made by the Government to the way in which housing benefit is paid has played a part in the increase for many Parish Councils. In the case of Sedlescombe the Council tax base has reduced from 670 to 606 properties.

Sedlescombe Parish Council has successfully engaged with local people offering their time as volunteers in the upkeep of the village which has resulted in significant savings of approximately £5,000 to the grounds maintenance budget.

2. Book-keeping

The Parish Clerk/RFO maintains a comprehensive account of all transactions, the recording of receipts and payments is up to date. Records are kept in excellent order and I remain confident that the Parish Clerk/RFO deals with all aspects of the Parish Councils financial business with the upmost attention to detail and in a professional manner.

3. 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.

A new draft version of Financial Regulations has been prepared by the Clerk/RFO to take account of changes to banking arrangements for Parish Councils which were due to be introduced at the end of 2012. The proposals are that a repeal of Section 150 (5) would allow one person who is not necessarily a councillor to sign cheques and orders for payment – effectively allowing Parish Councils to progress to online banking. The draft document is on hold until further information and guidelines regarding the proposed change are made available to Parish Councils by NALC.

4. Standing Orders

Standing Orders were updated and amended in July 2012 to reflect the new Code of Conduct adopted by Sedlescombe Parish Council on 17th July 2012.

5. Payment Controls

Sedlescombe Parish Council has a Finance Committee comprising of 4 members plus the Chairman and Vice Chairman of the Council ex-officio. The Chair of the Finance Committee (Pauline Glew remains in this capacity during the financial year under examination) inspects and monitors the bank statements and performs other internal financial controls including checking that receipts are recorded in the paying in book, payments are included on the cheque list and that both petty cash and bank reconciliations are in order. These internal member controls are carried out on a monthly basis. A checklist is followed and signed to verify that this process has been done

Cheques are usually signed by the Chairman of the Finance Committee and a second councillor. The spot checks itemised below, that I carried out raised no cause for concern, and there is a clear audit trail for transactions. I tracked the following cheque numbers:

102912	£35.00	Information Commission
102927	£343.20	Dog Bin emptying to Rother District Council
102932	£573.09	Quarterly Tax and NIC
102935	£312.00	Angel Design for map panel
102937	£200.00	Chairman's Allowance
102947	£342.00	Mazars 2011-12 Audit
102960	£54.00	Digley Assoc for Annual Play Inspection
102966	£50.00	R. Chapman for oak planter
102984	£150.00	Donation to Battle Area Community Transport

Cheque numbers 102965 and 102985 had been cancelled due to error and retained according to proper procedure in such circumstances.

I had noted in the previous year's internal audit that not all cheque stubs had been initialled by two councillors – however in the financial year 2012-13 attention to this process has improved and all cheque stubs I inspected contained initials of both councillors signing the cheque.

6. Risk Management

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

Insurance Cover- There is a 3 year agreement in place with Aviva Insurance (Came and Co Brokers) which began in June 2012 and expires at the end of September 2015. I was able to view the insurance documents which cover 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. Fidelity guarantee is also in place.

An annual review of risk and adequacy of insurance cover has been carried out by the Finance Committee

Self-Management of Risk and Internal Controls-An up to date register of assets is kept by the Parish Council. An inspection of the Assets of the Parish Council is undertaken on an annual basis by the Finance Committee, the Clerk and newly appointed councillors. From these inspections a planned maintenance programme is prepared which is reviewed by the Finance Committee on a quarterly basis. Regular scrutiny of financial records is carried out by the Finance Committee.

Working with Specialists

Sedlescombe Parish Council ensures that they engage specialist or expert in the field external bodies to provide services.

Contracts are reviewed on an Annual basis.

I am satisfied that checks are carried out to identify potential risks and that the Parish Council are adequately assessing and putting measures in place to control and manage any potential risks to their organisation.

7. Budgetary Controls

The 2013-14 Budget and Precept request were agreed at the meeting held on 18/02/13. The Precept was increased to £41,000 (from £33,500) and noted by full council at the meeting on 26th March 2013.

Sedlescombe Parish Council has effective systems in place to ensure that their precept setting is in line with a well- planned budget which begins with the inspection of the Council's assets and recommendations for works required over the following year against which quotations are obtained. Monthly monitoring against budget is recorded for both expenditure and income this is checked by the Finance Committee Chair on a monthly basis and is presented to full council every two months.

Sedlescombe Parish Council has monitoring procedures in place to ensure that their spending remains in line with their budget.

8. 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:

200126	£15.00	footpath leaflets
200129	£21.00	Sale of advertising
200136	£97.20	Council training income

In my opinion all payments I spot checked were received and recorded accurately and banked promptly.

9. Petty Cash Procedure

Sedlescombe Parish Council continues to maintain a petty cash float for small items of expenditure. The Clerk/RFO has delegated powers to purchase petty cash items up to the value of £20 per month.

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 and that the current petty cash procedures do not pose any risk to the Council.

10. 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 last two year's salary. At the time of the Internal Audit the P14 end of year summary had been completed and the clerk had begun using Real Time for the current tax year payroll

Mazars who had carried out the External Audit for the previous financial year had made comment on the clerk's gratuity fund following the repeal of 1996 Superannuation Regulations and recommended that advice should be sought from NALC/SLCC before making any payment. The NALC Legal Topic Note 34 from December 2011 advises that local councils may still fulfil extant contractual obligations for the payment of gratuities. At the meeting of full council held on 26th March 2013 it was resolved that the amount in this fund be rounded up to £31,340.00 (from the sum of £31,337.45 in the previous financial year)

11. Asset Controls

The Asset Register for March 2013 was available for my inspection and provides detail of land and property in the Parish Council's ownership and the insured value. The total of the Asset Register for March 2013 was £291,524 which has been reduced from the March 2012 figure of £292,326 this is due to the value of office equipment being reduced due to the purchase of a lower value computer. (It is appropriate for Parish Councils to record the purchase value of such items in the asset register at the historic value until disposed of/replaced). The updated Asset Register was adopted by the Parish Council at their meeting on 26th March 2013. Regular village inspections which include photographs of the physical assets and comment on repair and maintenance work to be carried out provide a detailed record. The amount of fixed assets 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 adequate.

12. Bank Reconciliations

Bank reconciliations did not contain any unexplained entries and regular monitoring is carried out by the Chair of the Finance Committee on a monthly basis and presented to councillors at full council meetings every other month.

At 31 March 2013 closing balances were as follows

Barclays Community Account £16345.15

West Bromwich Building Society £22954.37

(interest on this account of £13.98 is shown on the latest statement however this was received on 1st April 2013 and therefore outside the financial year- the Clerk/RFO has requested a letter of verification from the building society)

Co-operative Bank £21525.49

The sum of total cash and investments is £58300.87 which agrees with box 8 of the Annual Return.

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

13. VAT

Vat had been recorded and VAT returns submitted and claimed on a regular basis

14. Year End Procedures

Final accounts for 2012/13 will be put before full council for approval at their meeting on 14/05/13

I am satisfied 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 accurate.

I was in a position to complete the Internal Auditors section of the Annual Return at the end of my visit as I found no areas for concern and am confident that the Clerk/RFO carries out her duties to the highest professional standards.

Angela Alexander

9th May 2013