

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Elmswell Parish Council – 2020/2021

The following Internal Audit was carried out on the adequacy of systems of control. The following recommendations/comments have been made:

Income: £512,147.22 Expenditure: £706,203.61 Reserves: £800,383

AGAR Completion:

Section One: **No**

Section Two: **Yes – draft figures**

Annual Internal Audit Report 2018/19: **Yes**

Certificate of Exemption: **No**

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Council hold the General Power of Competence and LGAs137 does not apply.

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: **21/10/2019 (Ref: 19.10.25)**

Financial Regulations in place: **Yes**

Reviewed: **21/10/2019 (Ref: 19.10.25)**

VAT 126 claims during the year:

8/4/2021 (£9,502.35)

6/1/2021 (£22,427.53)

7/10/2020 (£58,360.55)

15/7/2020 (£36,018.28)

8/4/2020 (£31,711.19)

Contact details : 1 Hembling Terrace, Mill Lane, Suffolk, IP13 0PP

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy FILCM

Lynne Lodge Dip HE Local Policy

Registered Claims: (Reg GB342627212)

1/1/2021 – 31/3/2021 Submitted 12/4/2021
1/10/2020 – 31/12/2020 Submitted 6/1/2021
1/7/2020 – 30/9/2020 Submitted 5/10/2020
1/4/2020 – 30/6/2020 Submitted 9/7/2020

It is noted that professional VAT advice has been sought and the VAT registration relates solely to the Greene King site.

General Power of Competence: Yes

Tenders exceeding the £25,000 threshold ie the Wesley project, have been dealt with as an ongoing contract of work and have therefore not been advertised on the Contract Finders website.

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: Yes (Reg: Z274902X)

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. Due to the financial risk associated with the General Data Protection Regulations, the Council have included this in their Risk Assessment.

Privacy Policy published: Yes

Recommendation: *To adopt a Privacy Notice and display on the Council's website.*

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls were reviewed at a meeting held on 18/5/2020 (Ref: 20.05.09)

The Council have effective internal financial controls in place. In addition to the Internal and External audits, councillors also carry out regular checks throughout the year. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

The annual play area inspection has been undertaken during the year.

Fidelity Cover: £250,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept ie £800,383 plus £81,500.

Recommendation: *To review the level of Fidelity cover.*

Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Smaller Council: **No**

Website: www.elmswell.suffolk.cloud/parish-council

The Council is not subject to the requirements of the Transparency Code for smaller Councils. The Transparency Code for Councils with a turnover exceeding £200,000 is not covered as part of the Internal Audit.

Under **The Accounts & Audit Regulations 2015 15(15)** councils must publish on their website:

External audit report

2019 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

Notice of period for the exercise of public rights

Published – Yes

Period of Exercise of Public Rights

Start Date **15/6/2020**

End Date **24/7/2020**

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £163,514 (2021-2022)

Date: 18/1/2021 (Ref: 21.01.13)

Precept: £159,000 (2020-2021)

Date: 20/1/2020 (Ref: 20.01.21)

Effective 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.

Income controls

Precept and other income, including credit control mechanisms

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.

Allotment fees were reviewed at a meeting held on 18/1/2021 (Ref: 21.01.15). Tenancy agreements are in place for allotment holders. A sample of allotment records were examined and all were found to be in order.

Contact details : 1 Hembling Terrace, Mill Lane, Suffolk, IP13 0PP

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy FILCM

Lynne Lodge Dip HE Local Policy

A sample of burial records were examined and all were found to be in order.

Petty Cash

Associated books and established system in place

A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.

Payroll controls

PAYE and NIC in place where necessary.
Compliance with Inland Revenue procedures
Records relating to contracts of employment

PAYE System in place: **Yes**

The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and P60s have been produced as part of the year end process.

Asset control

Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £3,430,442. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

Bank Balances at 31 March were confirmed as:

<i>Co-op Savings</i>	<i>xxxx4850</i>	<i>£680,552.03</i>
<i>Co-op Community</i>	<i>xxxx0710</i>	<i>£107,918.23</i>

Reserves

General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council have adequate general reserves.

It is noted that the Council have generous reserves, which are allocated for significant community projects including the refurbishment of the Railway Tavern and provision of affordable housing. Amounts have yet to be allocated to the specific projects.

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 an Income & Expenditure basis. Creditors and Debtors are identified within the year end accounts.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2020 Internal Audit report was considered by the Council at a meeting held on 18/5/2020 (Ref: 25.05.10)

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 19/10/2020 (Ref: 20.10.16).

External Audit

The Council formally approved the 2020 AGAR at a meeting of the full Council held on 18/5/2020.

The External Auditor's report was considered at a meeting held on 21/9/2020 (Ref: 20.09.17).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Parish/Town Council meeting was held on 18/5/2020. 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 to the Council for his assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
26 April 2021

Contact details : 1 Hembling Terrace, Mill Lane, Suffolk, IP13 0PP
Tel: 07732 681125
Email: heather@heelis.eu

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