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Elmswell Parish Council – Internal Audit Report for 2021 / 2022

Dave Crimmin undertook this Internal Audit on 26th April 2022 to review the adequacy of the systems of control undertaken by the council. The following comments and [recommendations](#) have been made:

Annual Meeting of the Parish Council

The Annual Parish Council meeting was held on 17th May 2021 (Ref: 21.05.01). The first item of business was the Election of the Chairman, in accordance with Standing Orders.

AGAR Completion for 2021 / 2022

Section One:	Yes in ink not signed
Section Two:	Yes in ink not signed
Annual Internal Audit Report 2021 / 22:	Yes

Income: £379,251

Expenditure: £367,376

Reserves: £809,039

PWLB Lending Facility: 4 loans totalling £2,268,910.98 as at 31st March 2022.

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. 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: Not reviewed during year of Audit.
Financial Regulations in place: Yes
Reviewed: Not reviewed during year of Audit.

VAT 126 reclaimed during the year:

<i>01/04/2021 to 30/06/2021</i>	<i>£3,317.82</i>
<i>01/07/2021 to 30/09/2021</i>	<i>£5,593.88</i>
<i>01/10/2021 to 31/12/2021</i>	<i>£2,067.00</i>
<i>01/01/2022 to 31/03/2022</i>	<i>£5,372.03</i>

Registered VAT Claims (VAT Number 342627212):

<i>01/04/2021 to 30/06/2021</i>	<i>-£ 149.83</i>
<i>01/07/2021 to 30/09/2021</i>	<i>-£ 400.31</i>
<i>01/10/2021 to 31/12/2021</i>	<i>-£1,128.56</i>
<i>01/01/2022 to 31/03/2022</i>	<i>-£ 830.63</i>

General Power of Competence: Yes

A tender for roof lights, exceeding the £25,000 threshold, was not advertised on the Contract Finders website.

Recommendation (1): The council to review and adopt Standing Orders and Financial Regulations and minute the action taken.

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 - Z274902X Expiry 03/07/2022

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25th 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 - adopted 17th May 2021 (Ref: 21.05.33).

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls, was reviewed at a meeting held on 17th May 2021 (Refs: 21.05.09 & 21.05.10)

The Council have good internal financial controls in place. In addition to internal and external audit, councillors undertake reviews of internal controls throughout the year. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £1,000,000

The level of Fidelity cover is within the recommended guidelines of year-end balances plus 50% of the precept.

Transparency

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

Smaller Council: No

Website: www.elmswell.suffolk.cloud

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 13(1a) councils must publish on their website:

Statement of Accounts, External Audit report and Annual Governance statement.

2021 Annual Return, Section One Published Yes

2021 Annual Return, Section Two Published Yes

2021 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 14th June 2021

End Date 23rd July 2021

Budgetary controls

Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £163,514 (2021 / 2022) Date: 18th January 2021 (Ref: 21.01.13)

*Precept: £189,555 (2022 / 2023) Date: 20th December 2021
(Ref: 21.12.12)*

Good 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

Income controls were checked and income received and banked cross-referenced with the Cash Book and bank statements.

Incomes for the Council, Coffee Shop, Tavern and Allotments were reviewed.

Recommendation (2): Internal controls for cash and card receipts for both the Coffee Shop and Tavern need to be developed to ensure that the transactions can be reconciled to the bank account.

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 - Moneysoft

Employer PAYE Reference: 245/BE370

P60's issued: Yes

The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and P60's have been produced as part of the year-end process. The Council has joined the NEST pension scheme.

It is noted that the Council increased the hours of the Assistant Parish Clerk's to 29 at a meeting held on 17th May 2021 (Ref: 21.05.32). The Council changed the Clerk and Assistant to the Parish Clerk's contract of employments at the meeting on 21st February 2022 (Refs: 22.02.15, 16 & 17). The Council implemented the recommendations of SALC's review into the remuneration of the roles of Parish Clerk, Assistant Parish Clerk and Clerical Assistant at the meeting on 21st March 2022, with effect from 1st April 2022. (Ref: 22.03.14, 15 & 16).

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 is recorded at £3,441,370. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

The Asset Register shows the four buildings insured for a total of £5,577,462 whereas the insurance shows they are covered for £4,672,980.

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.

Reconciled Bank Balances as at 31st March 2022 were confirmed as:

<i>Co-Operative Business Directplus</i>	<i>£ 20,800.74</i>
<i>Co-Operative Instant</i>	<i>£790,770.12</i>

The Bank signatories were confirmed at the meeting on 17th May 2021 (Ref: 21.05.20).

Reserves

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

The Council have adequate general reserves (£275,302) and have identified earmarked reserves (£533,737) in their budgetary process.

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 2021 Internal Audit report was considered by the Council at a meeting held on 17th May 2021 (Ref: 21.05.11) with both recommendations noted for the Clerk's action in the minutes.

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External Audit

The Council formally approved the AGAR at a meeting of the full Council held on 17th May 2021 (Refs: 21.05.12 & 21.05.13).

The External Auditor's report was considered at a meeting held on 20th September 2021 (Ref: 21.09.12).

The following matters were brought to the attention of the Council:

Other matters not affecting our opinion which we draw to the attention of the authority:

The authority has received £51,000 in respect of an insurance claim against expenditure in the prior year and has accounted for it as a receipt in Section 2, Box 3 rather than netting it against the relevant expense. Whilst the Practitioners' Guide is silent on the matter, it is our view that the true cost to the authority should be shown on a net basis. Accounting on a gross basis inflates the gross income and gross expenditure of the authority and can push the authority into a higher fee band than it would otherwise be in.

In conclusion

I would like to record my appreciation to the Clerk and Assistant Clerk to the Council for their assistance during the course of the audit work. and for the quality of the documentation presented in the Audit File.



Dave Crimmin PSLCC

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26th April 2022