

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Kirton & Falkenham Parish Council – 2019/2020

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

Income: £26,046.90

Expenditure: £38,902.69

Reserves: £22,215.13

AGAR Completion:

Section One: No blank

Section Two: Yes – not signed

Annual Internal Audit Report 2019/20: Yes

Certificate of Exemption: N/A

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

All were found to be in order. LGAs137 and VAT payments are tracked and identified within the year end accounts. 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: 13th May 2019 (Ref: 4)

Financial Regulations in place: Yes

Reviewed: 13th May 2019 (Ref: 4)

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: No

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

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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 – ZA438395 Expiry 12/07/2020

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*

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls were reviewed at a meeting held on 13th May 2019 (Ref: 4).

The Council have good internal financial controls in place. Cheque stubbs and invoices are initialled by signatories. 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 25th November 2019 (Ref: 8ii).

Fidelity Cover: £100,000

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 1 April 2015:

Smaller Council: [Yes](#)

Website: www.kirtonandfalkenham.suffolk.cloud

- a) all items of expenditure above £100
Published – Yes - contained within the minutes
- b) annual governance statement (By 1 July)
2019 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2019 Annual Return, Section Two Published – Yes
- d) internal audit report (By 1 July)
2019 Annual Return, Section Four Published – Yes
- e) list of councillor or member responsibilities
Published – Yes
- f) the details of public land and building assets (By 1 July)
Published – Yes
- g) minutes, agendas and meeting papers of formal meetings
Published – Yes

The Council have met the requirements of the Transparency Code for smaller councils.

Under **The Local Audit (Smaller Authorities) Regulations 2015 9(6 & 7)** a smaller council having certified itself as an Exempt Authority must publish on their website:

- h) Certificate of Exemption
Certificate of Exemption Published - Yes

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

- i) notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Start Date 24th June 2019

End Date 2nd August 2019

Budgetary controls	<p>Verifying the budgetary process with reference to council minutes and supporting documents</p> <p>Precept: £20,137 (2019-2020) Date: 7th January 2019 (Ref: 9iii) Precept: £21,205 (2020-2021) Date: 25th November 2019 (Ref: 5iii).</p> <p><i>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.</i></p>
Income controls	<p>Precept and other income, including credit control mechanisms</p> <p><i>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.</i></p>
Petty Cash	<p>Associated books and established system in place</p> <p><i>A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.</i></p>
Payroll controls	<p>PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment</p> <p>PAYE System in place: Yes – PAYE Tools</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and a P60 has been produced as part of the year end process. The Council has not joined the LGPS / NEST pension scheme.</i></p> <p><i>It is noted that the Council undertook a review of salaries at a meeting held on 25th November 2019 (Ref: 5ii). Pensions re-enrolment completed 6th January 2020 (Ref: 5i).</i></p>
Asset control	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p><i>A separate asset register is in place. Values are recorded at insurance value. The total value of assets are recorded at £8,137. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i></p>

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 were confirmed as:

<i>Barclays Community</i>	<i>£ 1,666.05 as at 31st March 2020</i>
<i>Barclays Premium</i>	<i>£16,962.51 as at 31st March 2020</i>
<i>Unity Trust</i>	<i>£ 3,586.57 as at 31st March 2020</i>

Bank signatories were confirmed at the meeting on 13th May 2019 (Ref: 6). New signatories approved at meeting on 8th July 2019 Ref: 8iii).

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

The Council have adequate general reserves (£22,215) and have identified earmarked reserves in their year-end accounts.

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 a Receipts & Payments basis.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2019 Internal Audit report was considered by the Council at a meeting held on 10th June 2019 (Ref: 9ii)

A review of the effectiveness of the Internal Audit was carried out on 10th June 2019 (Ref: 9ij).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 11th March 2019 Ref: 11ii).

External Audit *The Council declared themselves Exempt from External audit for the 2018-2019 financial year.*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 13/05/2019 within the required timescale. The first item of business was not the Election of Chairman which is the sequence in the 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 and RFO for the quality of documentation presented in the Audit File.

Dave Crimmin

**Dave Crimmin PSLCC
Heelis & Lodge**

20th May 2020

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