

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Kirton & Falkenham 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: £26,837.00 Expenditure: £21,221.11 Reserves: £27,831.02

AGAR Completion:

Section One: **Yes - signed**

Section Two: **Yes - signed**

Annual Internal Audit Report 2020/2021: **Yes**

Certificate of Exemption: **No**

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: **5/5/2021 (Ref: 4.ii)**

Financial Regulations in place: **Yes**

Reviewed: **5/5/2021 (Ref: 4.ii)**

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.

Risk Assessment Appropriate procedures in place for the activities of the council

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

Compliance with Data Protection regulations

Risk Assessment document in place: Yes
Data Protection registration: Yes (Ref: ZA438395)

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 by Councillors in April 2020, however, due to Covid restrictions and April and May meetings being cancelled, the Risk Assessments were not considered at a meeting.

Recommendation: *To ensure the annual review of the Risk Assessment and Internal Controls is considered by the Council and the consideration minuted.*

The Council have good internal financial controls in place. 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 (Ref: 16/11/2020 – item 11.i).

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: No

Website: <http://kirtonandfalkenham.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 15(15)** councils must publish on their website:

*2020 Annual Return, Section One Published – Yes
2020 Annual Return, Section Two Published – Yes
2020 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 27/7/2020 End Date 7/9/2020

The Council have complied with the 2020 AGAR publication requirements.

Budgetary controls

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

Precept: £22,146 (2021-2022) Date: 11/1/2021 (Ref: 8.ii)
Precept: £21,205 (2020-2021) Date: 25/11/2019 (Ref: 5.iii)

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.

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
Employer PAYE Reference: 475/YA56861

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

It is noted that the Council undertook a review of salaries at a meeting held on 12/10/2020 (Ref: 8.ii) and 16/11/2020 (Ref: 7.iii).

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/insurance value. The total value of assets are recorded at £8,137 in Section 2, Box 9 of the AGAR. The figure in the asset register does not correspond with the figure in Section 2, Box 9 of the AGAR.

Recommendation: *To clarify the Total Asset figure so it 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>Barclays Community</i>	<i>xxxx1007</i>	<i>£3,870.81</i>
<i>Barclays BP</i>	<i>xxxx9434</i>	<i>£16,970.25</i>
<i>Unity Trust</i>	<i>xxxx2591</i>	<i>£6,989.96</i>

Reserves

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

The Council have adequate general reserves, 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 2020 Internal Audit report was considered by the Council at a meeting held on 13/7/2020 (Ref: 8.ii).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 15/2/2021 (Ref: 9.vi).

External Audit

The Council formally approved the 2020 AGAR at a meeting of the full Council held on 13/7/2020 (Ref: 8.iii and iv).

The External Auditor's report was considered at a meeting held on 16/11/2020 (Ref: 7.ii).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- Due to the Coronavirus pandemic the requirement to hold the Annual Parish Council meeting was removed until May 2021.
- 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**

4 July 2021

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Kirton & Falkenham Parish Council

Invoice No: HL9193
Date: 5 July 2021

Details	Quantity	Amount (£)	Total (£)
To carry out Year End Audit for Kirton & Falkenham Parish Council for the year ended 31 March 2021	1	195.00	195.00
Total			195.00

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 72-00-00

Terms – 30 days

Thank you.

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