

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Kirton & Falkenham Parish Council – 2021/2022**

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

Income: £24,904      Expenditure: £23,232      Reserves: £32,939

### AGAR Completion:

Section One: **Yes – signed (minute reference requires completion)**

Section Two: **Yes – signed (minute reference requires completion)**

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

Certificate of Exemption: **Yes**

**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**

Financial Regulations in place: **Yes**

Reviewed: **5/5/2021**

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

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Compliance with Data Protection regulations

Risk Assessment document in place: Yes

Data Protection registration: Yes

**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 5/5/2021.*

*The Council have effective 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: 0/1/2022 – item 10.i).*

Fidelity Cover: £150,000

*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](http://www.kirtonandfalkenham.suffolk.cloud)

*The Council is not subject to the requirements of the Transparency Code for smaller Councils for the 2020-2021 Audit. 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

*2021 Annual Return, Section One Published – Yes*

*2021 Annual Return, Section Two Published – Yes*

*2021 Annual Return, Section Three Published – Yes*

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Under **The Accounts & Audit Regulations** 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 [13/7/2021](#) End Date [23/8/2021](#)

**Budgetary controls**  
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £22,146 (2021-2022) Date: 11/1/2021  
Precept: £23,206 (2022-2023) Date: 10/1/2022

*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's Reference: [475/YA56861](#)  
P60s issued: [Yes](#)

*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.*

*It is noted that the Council undertook a review of salaries at the budget meeting held on 6/12/2021 (Ref: 8.ii).*

**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 £8,036. 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>Unity Trust</i>	<i>xxxx2591</i>	<i>£11,995.22</i>
<i>Barclays Community</i>	<i>xxxx1007</i>	<i>£3,971.72</i>
<i>Barclays BP</i>	<i>xxxx9434</i>	<i>£16,971.93</i>

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

*The Council have adequate general 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 2021 Internal Audit report was considered by the Council at a meeting held on 2/8/2022 (Ref: 11.ii).*

*A review of the effectiveness of the Internal Audit was carried out on 5/5/2021.*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on*

**External Audit** *The Council formally approved the 2021 AGAR at a meeting of the full Council held on 5/5/2021 (Ref: 7).*

*The 2021 External Auditor's report was considered at a meeting held on 20/9/2021 (Ref: 7.ii).*

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

## 2 External auditor report 2020/21

Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Section 1, Assertion 5 has been incorrectly completed, the smaller authority did not review the risk management arrangements during the year. However, the smaller authority has confirmed that the risk assessment was reviewed May 2021.

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

We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2021/22 for the exercise of public rights, since the period for the exercise of public rights was less than 30 consecutive working days in length. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23.

### **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 5/5/2021. 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**

9 June 2022

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## INVOICE

**To:**

Kirton and Falkenham Parish Council
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Invoice No: HL9263
Date: 9 June 2022

Details	Quantity	Amount (£)	Total (£)
To carry out Year End Audit for Kirton and Falkenham Parish Council for the year ended 31 March 2022	1	140.00	140.00
Total			140.00

Please make cheques payable to: Heelis & Lodge

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

Terms – 30 days

Thank you.

**HEELIS&LODGE**

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