

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Drinkstone Parish Council - 2018/19

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

Income: £18,313 Expenditure: £6,839 Reserves: £16,459

AGAR Completion:

Section One: No

Section Two: Yes – not signed or dated

Annual Internal Audit Report 2018/19: Yes

Certificate of Exemption: Yes – not signed or dated

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: 14th May 2018 Minute 18.05.12 / 3rd September 2018 Minute 18/09/11

Financial Regulations in place: Yes

Reviewed: 14th May 2018 Minute 18.05.12

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 – ZA159726 – Expiry 10th February 2020

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. The council has made reference to GDPR in its Risk Assessment.

Privacy Policy published: *No*

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 14th May 2018 Minute 18.05.07. Internal controls were reviewed on 14th May 2018 Minute 18.05.09

The annual RoSPA inspection has been undertaken on the play area.

The Council have satisfactory 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.

Fidelity Cover: £25,000

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

Transparency Code

Compliance for smaller councils with income/expenditure under £25,000.
Smaller authorities should publish on their website from 1 April 2015:

Smaller Council: *Yes*

Website: www.drinkstonevillage.co.uk

- a) all items of expenditure above £100
Published – Yes
- b) annual governance statement (By 1 July)
2018 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2018 Annual Return, Section Two Published – Yes
- d) Certificate of Exemption
Certificate of Exemption Published - Yes
- e) internal audit report (By 1 July)
2018 Annual Return, Published – Yes
- f) notice of period for the exercise of public rights
Published – No
- g) list of councillor or member responsibilities
Published – Yes

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- h) the details of public land and building assets (By 1 July)
Published – Yes
- i) Minutes, agendas and meeting papers of formal meetings
Published – Yes

The Council have yet to meet the requirements of the Transparency Code. Guidance on documents that need to be published can be found on https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388541/Transparency_Code_for_Smaller_Authorities.pdf

Recommendation (1): *To comply with the requirements of the Transparency Code in accordance to the guidance.*

Budgetary controls

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

Precept: £8,440 (2018/2019) Date: 8th January 2018 Minute 18.01.14
Precept: £8,790 (2019/2020) Date: 17th January 2019 Minute 19.01.12

Satisfactory 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

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

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 – Basic PAYE Tools**

The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place except a P60 which has not been produced as part of the year end process. The Council has not joined the LGPS or NEST pension scheme.

Recommendation (2): *Copy of P60 to be maintained in Audit File as part of year-end process.*

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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 cost value. The total value of assets are recorded at £32,370. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i></p>								
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts. Bank balances as at 31st March 2019 were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Santander Current</i></td> <td style="text-align: right;"><i>£13,429.82</i></td> </tr> <tr> <td><i>Santander Business **091</i></td> <td style="text-align: right;"><i>£ 2,703.58</i></td> </tr> <tr> <td><i>Santander Business **607</i></td> <td style="text-align: right;"><i>£ 5.27</i></td> </tr> <tr> <td><i>Lloyds Current</i></td> <td style="text-align: right;"><i>£ 321.29</i></td> </tr> </table>	<i>Santander Current</i>	<i>£13,429.82</i>	<i>Santander Business **091</i>	<i>£ 2,703.58</i>	<i>Santander Business **607</i>	<i>£ 5.27</i>	<i>Lloyds Current</i>	<i>£ 321.29</i>
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Reserves	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p><i>The Council have adequate general reserves (£5,944) and have identified earmarked reserves (£10,515) in their year-end accounts</i></p>								
Year-end procedures	<p>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.</p> <p><i>End of year accounts are prepared on a Receipts & Payments Basis.</i></p>								
Sole Trustee	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is not a sole trustee.</i></p>								
Internal Audit Procedures	<p><i>The Council reviewed the effectiveness of the internal audit at a meeting held on 14th May 2018 Minute 18.05.08.</i></p> <p><i>The Internal Audit report was considered by the Council at a meeting held on 14th May 2018 Minute 18.05.08</i></p> <p><i>Heelis & Lodge were appointed Internal Auditor at a meeting held on 17th January 2019 Minute 19.01.16 and 4th March 2019 Minute 19.03.07</i></p>								

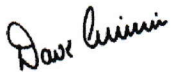
External Audit

At the meeting held on the 14th May 2018 Minute 18.05.11, the Parish Council resolved to sign the Audit Exemption Certificate for 2017 / 2018. The criteria for signing the Audit Exemption had been met by the council.

The Parish Council did not comply with the Exemption Certificate website publishing criteria by not publishing the Period of Exercise of Public Rights.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 14/05/2018, within the required timescale. 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.



Dave Crimmin PSLCC
Heelis & Lodge
28th May 2019