

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Drinkstone 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: £15,921.35

Expenditure: £14,051.71

Reserves: £18,329.60

AGAR Completion:

Section One: Yes – not signed

Section Two: Yes – not signed.

Annual Internal Audit Report 2019/20: Yes

Certificate of Exemption: Yes – not signed.

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: Not reviewed during year of audit.
Financial Regulations in place: Yes
Reviewed: 7th October 2019 (Ref: 19.10.9.2).

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 10/02/21

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 3rd June 2019 (Ref: 19.06.12 & 19.06.14).

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.

Fidelity Cover: £50,000

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

Invoice payment to MSDC for playground inspection paid at meeting on 3rd February 2020 (Ref: 20.02.09.2)

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.drinkstonevillage.co.uk/parishcouncil

- a) all items of expenditure above £100
Published – Yes
- 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 has met the requirements of the Transparency Code.

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 17th June 2019

End Date 26th July 2019

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Budgetary controls

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

Precept: £8,790 (2019-2020) Date: 7th January 2019 (Ref: 19.01.12)
Precept: £8,920 (2020-2021) Date: 13th January 2020 (Ref: 20.01.10.3)

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

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

The Council continue to operate RTI in accordance with HMRC regulations. 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.

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 are recorded at £32,371. The figure in the asset register does not correspond with the figure in Section 2, Box 9 of the AGAR.

Bank Reconciliation Regularly completed and cash books reconcile with bank statements

Bank Reconciliations are carried out regularly. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

The £0.50p overpayment of Cheque # 022071 to SALC should be included in the payments for the year, giving a reconciliation of:

<i>Brought Forward as at 1st April 2019</i>	<i>£16,459.96</i>
<i>Plus Receipts</i>	<i><u>£15,921.35</u></i>
	<i>£32,381.31</i>
<i>Less Payments</i>	<i><u>£14,051.71</u></i>
	<i>£18,329.60</i>

Bank Balances as at 31st March 2020 were confirmed as:

<i>Unity Trust Current</i>	<i>£ 500.00</i>
<i>Unity Trust Instant</i>	<i>£ 0.00</i>
<i>Santander Business</i>	<i>£13,773.38</i>
<i>Santander Business ****0091</i>	<i>£ 2,719.88</i>
<i>Santander Treasurers</i>	<i>£ 5.27</i>
<i>Lloyds</i>	<i><u>£ 1,331.07</u></i>
	<i>£18,329.60</i>

Bank signatories were reviewed on 1st April 2019 (Ref: 19.04.10) and 13th May 2019 (Ref: 19.05.09).

On the 4th November 2019 (Ref: 19.11.10) the council agreed to close its Santander accounts and open Unity Trust accounts.

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

The Council have adequate general reserves (£10,902.10) and have identified earmarked reserves (£ 7,427.50) 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 considers itself to be the Sole Trustee of Charity Registration 295860 - ALLOTMENTS FOR THE LABOURING POOR. The last annual submission of the accounts was on the 16th April 2020.

***Recommendation (1):** The council to review its operation of the Charity as it is not in compliance with the JPAG - Governance and Accountability for Smaller Authorities in England – March 2019. Sections 1.41, 1.42 and 2.30 of this explain how a Parish Council should manage the affairs of a Sole Trustee and "that the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of the AGAR".*

Internal Audit Procedures

The 2019 Internal Audit report was considered by the Council at a meeting held on 3rd June 2019 (Ref: 19.06.13).

A review of the effectiveness of the Internal Audit was carried out on 3rd June 2019 (Ref: 19.06.13).

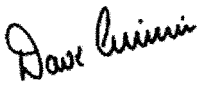
Heelis & Lodge were appointed as Internal Auditor at a meeting held on 13th January 2020 (Ref: 20.01.11).

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



**Dave Crimmin PSLCC
Heelis & Lodge**

29th June 2020

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