

# HEELIS&LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Drinkstone Parish Council – 2022/2023**

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

Income: £12,463.29 Expenditure: £10,308.13 Reserves: £16,637.82

#### AGAR Completion:

Section One: Not available

Section Two: Not available

Annual Internal Audit Report 2022/2023: 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. VAT payments are tracked and identified within the year end accounts. There were no LGAs137 payments made during the year.*

*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: 6/6/2022 (Ref: 7 – pg 2120)  
Financial Regulations in place: Yes  
Reviewed: 6/6/2022 (Ref: 7 – pg 2120)

VAT reclaimed during the year: No 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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*The following policies were reviewed at a meeting held on 3/5/2022:*

- *Complaints Procedure*
- *Freedom of Information*
- *Data Protection*
- *Press/Media*
- *Employment Policies and Procedures*

*The Council adopted the new model Code of Conduct at a meeting held on 6/6/2022 (Ref: 8 – pf 2120).*

*A new Allotment Policy was adopted at a meeting held on 5/12/2022 (Ref: 8 – pg 2137).*

## **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

### **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 Notice published: *No*

**Recommendation:** *To publish a Privacy Notice on the Council's website.*

*Insurance was in place for the year of audit – reviewed 3/5/2022 (Ref: 17 – pg 2117). The Risk Assessment was reviewed at a meeting held on 20/6/2022 (Ref: 6 – pg 2124). Internal Controls were reviewed on 3/5/2022 (Ref: 14 – pg 2117).*

*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.*

*Bank signatories were reviewed at a meeting held on 3/5/2022 (Ref: 13 & 15 – pg 2117) and on 6/6/2022 (Ref: 7 – pg 2120).*

*The annual RoSPA inspection has been undertaken during the year.*

Fidelity Cover: £50,000

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

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## 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: <https://www.drinkstonevillage.co.uk/>

- a) all items of expenditure above £100  
*Published – Yes – contained within the minutes*
- b) annual governance statement (By 1 July)  
*2022 Annual Return, Section One Published – No*
- c) end of year accounts (By 1 July)  
*2022 Annual Return, Section Two Published – No*
- d) internal audit report (By 1 July)  
*2022 Annual Return, Internal Audit Published – No*
- e) list of councillor or member responsibilities  
*Published – Yes*
- f) the details of public land and building assets (By 1 July)  
*Published – No*
- g) 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](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388541/Transparency_Code_for_Smaller_Authorities.pdf)*

**Recommendation:** *To comply with the requirements of the Transparency Code in accordance with the attached guidance.*

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:

Certificate of Exemption

*Certificate of Exemption Published - No*

Under **The Accounts & Audit Regulations** councils must publish on their website:

Notice of period for the exercise of public rights

*Published – Yes – contained in the minutes*

Period of Exercise of Public Rights

Start Date 27/6/2022

End Date 5/8/2022

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Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGAR's for the five years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 on their website.

*The Council have not met the publication requirements.*

**Recommendation:** *The Council should ensure that the AGARs as detailed above are published on the Council's website in accordance with Box L in the Internal Auditor's report.*

**Budgetary controls**  
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £10,042 (2023-2024)                      Date: 5/12/2022 (Ref: 12 – pg 2138)  
Precept: £9,197 (2022-2023)                      Date: 6/12/2021 (Ref: 8 – pg 2109)

*Satisfactory budgetary procedures are in place. The budget for 2023-2024 was agreed in full council, however, there is no evidence in the minutes that the precept decision and amount has been resolved.*

*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.*

**Recommendation:** *To ensure that the precept decision and amount is formally recorded in the minutes.*

**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/KA60330

*The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced.*

*It is noted that the Clerk is contracted for 5 hours per week on a salary of £3,000. This equates to £11.54ph. The Council should be aware and take into consideration any increase in the living wage. Should the hourly rate fall below the living wage, the Council will need to make the relevant adjustments.*

## **Asset control**

Inspection of asset register and checks on existence of assets  
Cross checking on insurance cover

X

*A separate asset register is in place. Values are recorded at cost value/insurance value. The total value of assets are recorded at £47,704.27. The Council should ensure that 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 #1</i>	<i>xxxx2053</i>	<i>£16,355.78</i>
<i>Unity Trust #2</i>	<i>xxxx2888</i>	<i>£282.04</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 2022 Internal Audit report was considered by the Council at a meeting held on 20/6/2022 (Ref: 6 – pg 2124).*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 3/5/2022 (Ref: 6 – pg 2117).*

**External Audit**

*The Council formally approved the 2022 AGAR at a meeting of the full Council held on 20/6/2022 (Ref: 6 – pg 2124).*

*The Council declared themselves Exempt from External audit for the 2021-2022 financial year on 20/6/2022 (Ref: 6 – pg 2124).*

**Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 3/5/2022. 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 their assistance during the course of the audit work and the quality of documentation presented for the audit.



**Heather Heelis**  
**Heelis & Lodge**  
10 June 2023

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