

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Stonham Parva 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: £11,270.57

Expenditure: £20,141.52

Reserves: £2,767.94

### AGAR Completion:

Section One: No

Section Two: No

Annual Internal Audit Report 2019/20: Yes

Certificate of Exemption: Yes 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: 8<sup>th</sup> July 2019 (Ref: 19.62)

Financial Regulations in place: Yes

Reviewed: Not reviewed during year of Audit.

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.*

Contact details : 1 Hembling Terrace, Mill Lane, Campsea Ashe, Suffolk IP13 0PP

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

## 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 – Z273896 Expiry 12/06/2020

### **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. It is advised that, due to the financial risk associated with the new Data Protection Regulations, this should form part of the Council's Risk Assessment.*

**Recommendation (1):** *To include reference to GDPR in the Council's 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 7<sup>th</sup> May 2019 (Ref: 19.15).*

*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.*

*The annual play area inspection has been undertaken during the year as per meeting on 13<sup>th</sup> January 2020 (Ref: 19.203).*

Fidelity Cover: £25,000

*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.stonhamparvapc.org.uk](http://www.stonhamparvapc.org.uk)

- a) all items of expenditure above £100  
*Published – No*
- 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 – None held*
- 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 (2):** *To comply with the requirements of the Transparency Code in accordance to 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:

- 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 – No*

**Budgetary controls**

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

Precept: £6,565 (2019-2020)

Date: 8<sup>th</sup> January 2019 (Ref: Finance)

Precept: £6,700 (2020-2021)

Date: 13<sup>th</sup> January 2020 (Ref: 19.204)

*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 – SALC Payroll Service**

*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. The Council has not joined the LGPS / NEST pension scheme.*

*It is noted that the Council appointed new Clerk on 7<sup>th</sup> May 2019 (Ref: 19.22).*

**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 £17,580. It is not possible to check that the figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR, as the AGAR is not completed.*

**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.*

*Reconciled Bank Balances as at 31<sup>st</sup> March 2020 were confirmed as:*

<i>Lloyds Treasurers</i>	<i>£2,766.94</i>
<i>Lloyds Savings</i>	<i>£ 1.00</i>

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

*The Council have general reserves (£2,767.94) which equates to 41% of Precept.*

***Recommendation (3):*** *The council should review whether Earmarked reserves need to be established.*

**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 2019 Internal Audit report was considered by the Council at a meeting held on 9<sup>th</sup> September 2019 (Ref: 19.115).*

*A review of the effectiveness of the Internal Audit was carried out on 9<sup>th</sup> September 2019 (Ref: 19.115).*

*LCPAS were appointed as Internal Auditor at a meeting held on 7<sup>th</sup> May 2019 (Ref: 19.21).*

**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 07/05/2019 within the required timescale. The first item of business was not 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 the quality of documentation presented in the Audit File.

*Dave Crimmin*

**Dave Crimmin PSLCC  
Heelis & Lodge**

7<sup>th</sup> August 2020

Contact details : 1 Hembling Terrace, Mill Lane, Campsea Ashe, Suffolk IP13 0PP  
Tel: 07732 681125  
Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM  
Lynne Lodge Dip HE Local Policy