

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Friston 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: £18,642.30

Expenditure: £29,193.68

Reserves: £11,241.84

AGAR Completion:

Section One: Yes in pencil not signed

Section Two: Yes in pencil not signed

Annual Internal Audit Report 2019/20: Yes

Certificate of Exemption: N/A

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 in year of Audit.

Financial Regulations in place: Yes

Reviewed: 23rd March 2020 (Ref: 48/20).

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.

Recommendation (1): *The council to review and adopt Standing Orders and minute the action taken.*

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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 – ZA196473 – Expiry 10/08/2020

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. 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 23rd March 2020 (Ref: 48/20).

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 and the equipment was replaced in February 2020.

Fidelity Cover: Insurance schedule not enclosed in Audit File.

The level of Fidelity cover should be 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.friston.onesuffolk.net

- a) all items of expenditure above £100
Published – Yes
- b) annual governance statement (By 1 July)
2019 Annual Return, Section One Published – No
- 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 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 (2): *To comply with the requirements of the Transparency Code in accordance with the 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	<p>Verifying the budgetary process with reference to council minutes and supporting documents</p> <p>Precept: £7,500 (2019-2020) Date: 7th January 2019 (Ref: 6/19) Precept: £7,669 (2020-2021) Date: 2nd December 2019 (Ref: 186/19)</p> <p><i>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.</i></p>
Income controls	<p>Precept and other income, including credit control mechanisms</p> <p><i>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.</i></p>
Petty Cash	<p>Associated books and established system in place</p> <p><i>A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.</i></p>
Payroll controls	<p>PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment</p> <p>PAYE System in place: Yes – SALC Payroll Services</p> <p><i>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.</i></p>
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 £38,497. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i></p>

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 were confirmed as:

<i>Barclays Current</i>	<i>£7,388.91 as at 31st March 2020</i>
<i>Barclays Savings</i>	<i>£8,245.40 as at 31st March 2020</i>
<i>Ipswich BS</i>	<i>£5,435.45 as at 30th November 2019</i>

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

The Council have adequate general reserves (£11,241).

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 17th June 2019 (Ref: 103/19).

A review of the effectiveness of the Internal Audit was carried out on 17th June 2019 (Ref: 103/19).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 2nd December 2019 (Ref: 187/19)

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 the quality of documentation presented in the Audit File.



**Dave Crimmin PSLCC
Heelis & Lodge**

9th May 2020

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