

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Friston Parish Council – 2020/2021

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

Income: £42,612.31

Expenditure: £9,159.42

Reserves: £44,694.73

AGAR 2020 / 2021 Completion:

Section One: **Yes not signed**

Section Two: **Yes in pencil not signed**

Annual Internal Audit Report 2020 / 21: **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: **22nd March 2021 (Ref: 53/21)**
Financial Regulations in place: **Yes**
Reviewed: **22nd March 2021 (Ref: 53/21)**

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.

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 10/08/2021

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 8th February 2021 (Ref: 35/21).

The Council have good 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.

Fidelity Cover: £150,000

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

Invoice for inspection of play equipment by Playsafety Ltd was recorded on 10th November 2020.

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: **No**

Website: www.friston.onesuffolk.net

The Council is not subject to the requirements of the Transparency Code for smaller Councils.

Under **The Accounts & Audit Regulations 2015 15(15)** councils must publish on their website:

h) external audit report

2020 Annual Return, Section Three 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 – the website has the Public Rights Notice for year ended 31st March 2019 in the 2019 – 2020 Financial Year.

Budgetary controls

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

Precept: £7,669.22 (2020 / 2021)

Date: 2nd December 2019 (Ref: 186/19)

Precept: Not minuted (2021 / 2022)

Date: 11th January 2021 (Ref: 13/21)

Good budgetary procedures are in place. The precept was agreed in full council and the precept decision but the amount has not been 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
Employer PAYE Reference: 475/MA59635

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.

Asset control

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

A separate asset register is in place which was reviewed on 8th February 2021 (Ref: 36/21). Village Hall community assets are not currently valued. Values are recorded at cost value. The total value of assets are recorded at £ 38,437. 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.

Reconciled Bank Balances were confirmed as:

<i>Ipswich BS</i>	<i>£ 5,479.84 as at 30/11/2020</i>
<i>Barclays Community</i>	<i>£31,933.49 as at 31st March 2021</i>
<i>Barclays Savings</i>	<i>£ 8,249.17 as at 31st March 2021</i>

Reserves

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

The Council have adequate general reserves (£44,694)

Recommendation (1): *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 / 2020 Internal Audit report was considered by the Council at a meeting held on 6th July 2020 (Ref: 59/20)

Recommendation (2): *When applicable, the council's response to the Internal Audit recommendations should be contained in the minutes of the meeting.*

A review of the effectiveness of the Internal Audit was carried out on 30th November 2020 (Ref: 123/20)

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 30th November 2020 (Ref: 123/20)

External Audit

The External Auditor's report was considered at a meeting held on 30th November 2020 (Ref: 123/20).

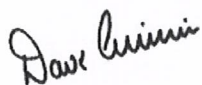
The following matters were brought to the attention of the Council:

- *Section 1 Assertion 4 being incorrectly completed as the council failed to post the notice for the exercise of public rights on the website*
- *Period set for the public rights not in accordance with regulations.*

Recommendation (3): *It is a requirement that any issue raised in the External Auditor's report be reviewed at a meeting and recorded in the minutes along with any actions to be taken.*

Additional Comments/Recommendations

- Due to the Coronavirus pandemic, the requirement to hold the Annual Parish / Town Council meeting was removed until May 2021.
- 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

23rd May 2021

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