

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Wickhambrook Parish Council - 2018/19**

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

Income: £45,869      Expenditure: £42,528      Reserves: £51,420

### AGAR Completion:

Section One: No - blank

Section Two: Yes – not signed or dated

Annual Internal Audit Report 2018/19: Yes

Certificate of Exemption: Not applicable

**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: 31<sup>st</sup> May 2018 Minute 11

Financial Regulations in place: Yes

Reviewed: 31<sup>st</sup> May 2018 Minute 11

VAT reclaimed during the year: Yes

Registered: No

General Power of Competence: No

***Recommendation (1):*** It is a requirement for a VAT column to be maintained in the cashbook where recoverable VAT is shown.

*At the meeting held on the 28<sup>th</sup> February 2019 Minute 11.1, the RFO was added as an authorised signatory to the Nat West Bank account. 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 – ZA074439 – Expiry 14/09/2019

### **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 (2):** *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 was reviewed on 31<sup>st</sup> May 2018 Minute 11. Internal controls were reviewed on 31<sup>st</sup> May 2018 Minute 11.1*

*Monthly play equipment inspections has been undertaken on the play area.*

*The Council have satisfactory 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: £150,000

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

## Transparency Code

Compliance for smaller councils with income/expenditure under £25,000.  
Smaller authorities should publish on their website from 1 April 2015:

Smaller Council: *No*  
Website: [www.wickhambrook.org/parish-council](http://www.wickhambrook.org/parish-council)

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

<b>Budgetary controls</b>	<p>Verifying the budgetary process with reference to council minutes and supporting documents</p> <p>Precept: £32,014 (2018/2019) Date: 18<sup>th</sup> January 2018 Minute 8.3  Precept: £33,955 (2019/2020) Date: 17<sup>th</sup> January 2019 Minute 10.5</p> <p><i>Satisfactory 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>				
<b>Income controls</b>	<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>				
<b>Petty Cash</b>	<p>Associated books and established system in place</p> <p><i>Petty Cash held until meeting on 29<sup>th</sup> November 2018 Minute 10.4 when it was agreed to pay the balance into the current account. A satisfactory expenses system is in place with supporting paperwork.</i></p>				
<b>Payroll controls</b>	<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: <b>Yes</b></p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork submitted and a P60 has been produced as part of the year end process. The Council have joined the Smart pension scheme.</i></p>				
<b>Asset control</b>	<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 £187,786. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i></p>				
<b>Bank Reconciliation</b>	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts. Bank balances as at 31<sup>st</sup> March 2019 were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Business Reserve (**397)</i></td> <td style="text-align: right;"><i>£49,551.44</i></td> </tr> <tr> <td><i>Business Reserve (**419)</i></td> <td style="text-align: right;"><i>£ 8,956.08</i></td> </tr> </table>	<i>Business Reserve (**397)</i>	<i>£49,551.44</i>	<i>Business Reserve (**419)</i>	<i>£ 8,956.08</i>
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**Reserves**

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

*The Council have adequate general reserves (£27,149) and have identified earmarked reserves (£24,271) 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 Council reviewed the effectiveness of the internal audit at a meeting held on 31<sup>st</sup> May 2018 Minute 13.1.*

*The Internal Audit report was not considered by the Council at a meeting held during the Audit year.*

**Recommendation (3):** *It is a requirement to review the Internal Report when received and minute the actions that the council is to take.*

*Heelis & Lodge were appointed Internal Auditor at a meeting held on 28<sup>th</sup> February 2019 Minute 9.3.*

**External Audit**

*The External Auditor's report was not considered by the Council at a meeting held during the Audit year.*

*There were no matters raised by the External Auditor in relation to the 2017-2018 External Audit.*

**Recommendation (4):** *It is a requirement that the External Auditor's report be reviewed at a meeting which is to be recorded in the minutes along with any actions to be taken.*