

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Wickhambrook 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: £43,543.82

Expenditure: £39,876.40

Reserves: £55,087.67

### AGAR Completion:

Section One: No

Section Two: Yes not signed. Box 7 does not equal 1+2+3 minus 4+5+6

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

*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.*

*There were 2 items relating to the cash book. A transfer of £500 from the Nat West to the Unity Trust account in March 2020 has been incorrectly included in the receipts and payments for the year. Also a payment of £5.59 to Smart on the 10<sup>th</sup> October 2019 is not included in the Cash Book.*

***Recommendation (1):*** Receipts and Payments should be reduced by £500; and Payments increased by £5.59.

**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: 16<sup>th</sup> May 2019 (Ref: 19.05.06).

Financial Regulations in place: Yes

Reviewed: 16<sup>th</sup> May 2019 (Ref: 19.05.06) and 29<sup>th</sup> August 2019 (Ref: 19.08.09).

VAT reclaimed during the year: Yes

Registered: No

General Power of Competence: No

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*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 - ZA074439 Expiry 14/09/2020

### **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 (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, including Internal Controls were reviewed at a meeting held on 16<sup>th</sup> May 2019 (Ref: 19.05.05) and 27<sup>th</sup> June 2019 (Ref: 19.06.12).*

*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.*

Fidelity Cover: £150,000

*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: No

Website: [www.wickhambrook.org](http://www.wickhambrook.org)

*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

*2019 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 – Yes*

Period of Exercise of Public Rights

Start Date 1<sup>st</sup> July 2019

End Date 9<sup>th</sup> August 2019

## Budgetary controls

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

Precept: £33,955 (2019-2020)

Date: 17<sup>th</sup> January 2019 (Ref: 19.01.11)

Precept: £35,610 (2020-2021)

Date: 16<sup>th</sup> January 2020 (Ref: 20.01.11)

*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 – Accountability Plus

*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 have joined the Smart pension scheme.*

*It is noted that the Council undertook a review of the Clerk's salary at a meeting held on 26<sup>th</sup> September 2019 (Ref: 19.09.22).*

**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 £193,108. 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 as at 31<sup>st</sup> March 2020 were confirmed as:*

|                            |            |
|----------------------------|------------|
| Nat West Current ****0921  | £ 0.00     |
| Nat West Business ****6397 | £45,613.54 |
| Nat West Current ****6400  | £ 0.00     |
| Nat West Business ****6419 | £ 8,974.13 |
| Unity Trust Current        | £ 500.00   |

*After actioning Recommendation (1), the Bank Reconciliation should read as follows:*

|                         |                   |
|-------------------------|-------------------|
| Balance Brought Forward | £51,420.25        |
| Plus Receipts           | <u>£43,543.82</u> |
|                         | £94,964.07        |
| Less payments           | <u>£39,876.40</u> |
|                         | £55,087.67        |

|                   |                 |
|-------------------|-----------------|
| Bank Accounts     |                 |
| Nat West Business | £45,613.54      |
| Nat West Business | £ 8,974.13      |
| Unity             | <u>£ 500.00</u> |
|                   | £55,087.67      |

*The banking mandate was updated on 25<sup>th</sup> April 2019 (Ref: 19.04.11.2), 16<sup>th</sup> May 2019 (Ref: 19.05.14) and 27<sup>th</sup> June 2019 (Ref: 19.6.10.5).*

*The council agreed to move its accounts from Nat West to Unity Bank on 26<sup>th</sup> September 2019 (Ref: 19.09.11). The Access requirements for the Unity Bank accounts were agreed on 31<sup>st</sup> October 2019 (Ref: 19.10.11).*

## Reserves

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

*The Council have adequate general reserves (£15,891) and have identified earmarked reserves (£39,196) in their budgetary process.*

## 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.*

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**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 27<sup>th</sup> June 2019 (Ref: 19.06.13).*

*A review of the effectiveness of the Internal Audit was carried out on 27<sup>th</sup> June 2019 (Ref: 19.06.12).*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 16th January 2020 (Ref: 20.01.12)*


**External Audit**

*The External Auditor's report was considered at a meeting held on 31<sup>st</sup> October 2019 (Ref: 19.10.09.3).*

*There were no matters arising from the External Audit.*

**Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 16/05/2019 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**

25<sup>th</sup> June 2020