

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Holbrook 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: £39,986      Expenditure: £32,726      Reserves: £46,096

### AGAR Completion:

Section One: **No blank**

Section Two: **No blank**

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. 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: **21<sup>st</sup> May 2018 Minute 11.01**  
Financial Regulations in place: **Yes**  
Reviewed: **21<sup>st</sup> January 2019 Minute 6.06**

VAT reclaimed during the year: **No**      Registered: **No**

General Power of Competence: **Yes**

*There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.*

***Recommendation (1): To update Standing Orders to incorporate reference to the Public Contracts Regulations 2015.***

## 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 – ZA257900 – Expiry 25/06/2019

### **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: *No*

*Insurance was in place for the year of audit. The Risk Assessment was reviewed on 21<sup>st</sup> January 2019 Minute 6.05. Internal controls were reviewed on 21<sup>st</sup> May 2018 Minute 12.03*

*The annual RoSPA inspection 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: £50,000

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

**Recommendation (3):** *To review Fidelity Cover in line with 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.holbrook.suffolk.cloud](http://www.holbrook.suffolk.cloud)

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

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

Precept: £26,250 (2018/2019) Date: 19<sup>th</sup> February 2018 Minute 7.01

Precept: £28,250 (2019/2020) Date: 21<sup>st</sup> January 2019 Minute 7.01

*Satisfactory budgetary procedures are in place. The precept for 2018 / 2019 was agreed in full council but the precept 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.*

**Recommendation (4):** *The amount set as the precept should be minuted with the decision.*

**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

*No Petty Cash held  
A satisfactory expenses system is in place with supporting paperwork.*

**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 – PAYE Tools

*The Council continue to operate RTI in accordance with HMRC regulations. 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 or 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. Values are recorded at cost value. The total value of assets are recorded at £87,264. Unable to verify if the figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR, as the AGAR is blank.*

**Bank Reconciliation** Regularly completed and cash books reconcile with bank statements

*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>Treasurers</i>	<i>£32,443.43</i>
<i>Business Instant</i>	<i>£ 602.27</i>
<i>NS&amp;I</i>	<i>£13,397.93 (as at 1<sup>st</sup> January 2019)</i>

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

*The Council have adequate reserves (£46,096) and have identified earmarked reserves 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.*

**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 21<sup>st</sup> May 2018 Minute 12.03*

*The Internal Audit report was considered by the Council at a meeting held on 18<sup>th</sup> June 2018 Minute 7.02.*

***Recommendation (5):*** *When applicable, the council's response to the Internal Audit recommendations should be contained in the minutes of the meeting.*

*Heelis & Lodge were appointed Internal Auditor at a meeting held on 21<sup>st</sup> January 2019 Minute 6.04*

**External Audit** *The External Auditor's report was considered by the Council at a meeting held on 15<sup>th</sup> October 2019 Minute 7.02.*

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

**Period of Exercise of Public Rights** Start Date *26<sup>th</sup> June 2018* End Date *6<sup>th</sup> August 2018*

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### **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 21/05/2018, 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 and for her assistance during the course of the audit work.

*Dave Crimmin*

**Dave Crimmin PSLCC**  
**Heelis & Lodge**  
11<sup>th</sup> June 2019