

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Holbrook 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: £34,587.17 Expenditure: £29,079.61 Reserves: £51,603.13

AGAR Completion:

Section One: **No**

Section Two: **No**

Annual Internal Audit Report 2019/2020: **Yes**

Certificate of Exemption: **No**

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.

It is noted that cheque number 2258 (£15.41) has been written back in to the accounts. Cheques written back into the account are entered as a negative payment as opposed to a receipt. This will affect the 2019-2020 year end figures (see 'Year End' below).

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: **20/5/2019 (Ref: HPC1905/11.04)**

Financial Regulations in place: **Yes**

Reviewed: **21/1/2019 (Ref: HPC1901/06.05) and 20/1/2020 (Ref: (Ref: HPC2001/06.04).**

VAT reclaimed during the year: **No** 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 (Ref: ZA257900)

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: *To include reference to GDPR in the Council's Risk Assessment.*

Privacy Policy published on website: Yes

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls were reviewed at a meeting held on 21/1/2019 (Ref: HPC1901/06.05) and again on 20/1/2020 (Ref: HPC2001/06.03).

The Council have effective 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 (Ref: 15/7/2019 – Item HPC1907/06.03).

A Lottery Licence is in place for the Reade Field Lottery.

Fidelity Cover: £50,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept ie ££51,603.13 plus

Recommendation: *To review the level of Fidelity cover in line with the guidelines.*

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.https://holbrook.suffolk.cloud/holbrook-parish-council/

The Council is not subject to the requirements of the Transparency Code for smaller Councils. The Transparency Code for Councils with a turnover exceeding £200,000 is not covered as part of the Internal Audit.

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

- a) external audit report
2019 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

- b) notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Start Date 1/7/2019

End Date 9/8/2019

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £28,250 (2019-2020)

Date: 21/1/2019 (Ref: HPC1901/07.01)

Precept: £30,000 (2020-2021)

Date: 20/1/2020 (Ref: HPC2001/07.02)

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.

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	<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</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.</i></p> <p><i>A contract is in place for the Clerk which verifies her position as RFO for the Council.</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 and was reviewed at a meeting held on 19/9/2019 (Ref: HPC1909/06.05). Values are recorded at cost value/insurance value. The total value of assets are recorded at £87,833.86 (Recorded at September 2019).</i></p> <p><i>The figure in the asset register may not correspond with the figure in Section 2, Box 9 of the AGAR.</i></p> <p>Recommended: <i>To bring the asset register up to date as of 31/3/2020.</i></p>												
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>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.</i></p> <p><i>Bank Balances at 31/3/2020 were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Lloyds</i></td> <td><i>xxxx2716</i></td> <td><i>£37,160.99</i></td> <td><i>(NB Balance at 30/3/2020)</i></td> </tr> <tr> <td><i>Lloyds</i></td> <td><i>xxxx3662</i></td> <td><i>£1,402.81</i></td> <td></td> </tr> <tr> <td><i>NS&I</i></td> <td><i>xxxx3743</i></td> <td><i>£13,505.11</i></td> <td><i>(NB Balance at 1/1/2019)</i></td> </tr> </table>	<i>Lloyds</i>	<i>xxxx2716</i>	<i>£37,160.99</i>	<i>(NB Balance at 30/3/2020)</i>	<i>Lloyds</i>	<i>xxxx3662</i>	<i>£1,402.81</i>		<i>NS&I</i>	<i>xxxx3743</i>	<i>£13,505.11</i>	<i>(NB Balance at 1/1/2019)</i>
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Reserves	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p><i>The Council have adequate general reserves. There are no earmarked reserves identified in the year end accounts.</i></p>												

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. It is noted that Cheque No. 2258 for £15.41 has been entered as a receipt where it should have been entered as a negative payment. The total receipts for the year should therefore be £34,587.17 and the total payments figure £29,079.61.

Recommendation: *To correctly account for the writing back in of Cheque No. 2258 and amend the year end receipts and payments figures prior to entering the figures in the AGAR.*

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 17/6/2019 (Ref: HPC1906/07.02).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 20/1/2020 (Ref: HPC2001/06.02).

External Audit

The External Auditor's report was considered at a meeting held on 21/10/2019 (Ref: HPC1910/07.02).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 20/5/2019, 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 her assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
12 July 2020

Contact details : 1 Hembling Terrace, Mill Lane, Campsea Ashe, Suffolk, IP13 0PP
Tel: 07732 681125
Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Holbrook Parish Council

Invoice No: HL9114
Date: 12 July 2020

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for Holbrook Parish Council for the year ended 31 March 2020	1	180.00	180.00
Total			180.00

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 72-00-00

Terms – 30 days

Thank you.

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