

Annual Internal Audit Report 2020/21

HOLBROOK PARISH COUNCIL

<http://holbrook.suffolk.cloud>

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			* NONE HELD
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")			✓
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✓
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

07/05/2021

Name of person who carried out the internal audit

DF CLIMMIE on BEHALF OF HUELS + LODGE

Signature of person who carried out the internal audit

DF Climmie

Date

07/05/2021

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Holbrook 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: £84,593.56

Expenditure: £81,039.27

Reserves: £55,157.42

AGAR 2020 / 2021 Completion:

Section One: Yes not signed

Section Two: Yes not signed - Boxes.(1+2+3) – (4+5+6) do not equal Box 7 for 31st March 2021

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. 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: 20th April 2020 (Ref: 6.02) & 18th May 2020 (Ref: 6.02)

Financial Regulations in place: Yes

Reviewed: 18th January 2021 (Ref: 6.01)

VAT reclaimed during the year: Yes

Registered: No

General Power of Competence: No

The payments for new play equipment from Playquip total £39,555.96 plus VAT. With contracts exceeding a £25,000 threshold, it is required by Financial Regulations that a tender be advertised on the Contract Finders website. There is no evidence in the Audit file that a tender process took place.

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Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

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 25/06/2021

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: *No*

Insurance was in place for the year of audit. The Risk Assessment were reviewed on 18th January 2021 (Ref: 6.02) Internal Controls were reviewed at a meeting held on 14th December 2020 (Ref: 8.05).

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.

The annual play area inspection has been undertaken during the year 13th July 2020 (Ref: 6.01).

Fidelity Cover: £50,000

The level of Fidelity cover is over £20,000 below the recommended guidelines of year end balances plus 50% of the precept.

Recommendation (1): *To review Fidelity Cover in line with 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.holbrook.suffolk.cloud

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 – Yes

Period of Exercise of Public Rights

Start Date 27th July 2020

End Date 8th September 2020

Budgetary controls

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

Precept: £30,000 (2020 / 2021) Date: 20th January 2020 (Ref: 7.02)

Precept: £31,000 (2021 / 2022) Date: 18th January 2021 (Ref: 7.04)

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 – SALC Payroll Services**
Employer PAYE Reference: 120/JA56350

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 and was reviewed on 21st September 2020 (Ref: 6.05). Values are recorded at insurance value. The total value of assets are recorded at £121,141. 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>Lloyds Treasurers</i>	<i>£40,809.88 as at 30th March 2021</i>
<i>Lloyds Instant</i>	<i>£ 1,403.17 as at 31st March 2021</i>
<i>NS&I</i>	<i>£13,602.34 as at 31st December 2020</i>

Recommendation (2): *Use the bank balance as at the 31st March for the reconciliation.*

Cheque signatories were reviewed at the meeting on 14th December 2020 (Ref: 8.02)

Reserves

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

The Council have adequate general reserves (£55,157.42). There are no earmarked reserves identified in the 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 2019 / 2020 Internal Audit report was considered by the Council at a meeting held on 13th July 2020 (Ref: 7.02).

A review of the effectiveness of the Internal Audit was carried out on 18th January 2021 (Ref: 6.04)

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 18th January 2021 (Ref: 6.04)

External Audit

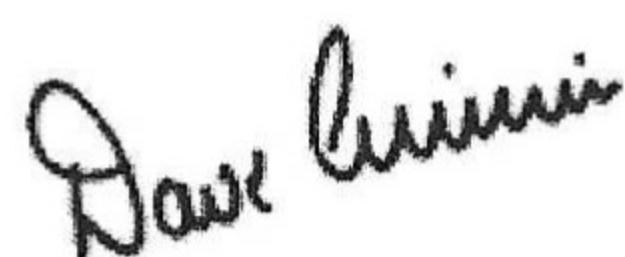
The External Auditor's report was considered at a meeting held on 14th December 2020 (Ref: 8.04)

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

The wrong AGAR forms had been submitted.

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
7th May 2021