

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Friston Parish Council – 2021/2022

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

Income: £17,652.50 Expenditure: £17,362.92 Reserves: £44,984.31

AGAR Completion:

Section One: [Yes - unsigned](#)

Section Two: [Yes - unsigned](#)

Annual Internal Audit Report 2020/2021: [Yes](#)

Certificate of Exemption: [Yes](#)

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. It is noted that a donation to the CAB has been paid using LGAs137 expenditure. The correct power is LGA 1972 s142.

Recommendation: *To minute the power used when the resolution is made to give grants/donations.*

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: [7/3/2022 \(Ref: 195/22\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [7/3/2022 \(Ref: 195/22\)](#)

VAT reclaimed during the year: [Yes \(Ref: 29 March 2022\)](#) 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: ZA196473)

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: Yes

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls were reviewed at a meeting held on 7/3/2022 (Ref: 194/22)

The Council have effective 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.

Bank signatories were reviewed at a meeting held on 28/6/2021 (Ref: 93/21).

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 (2020-2021) Yes (2021-2022)
Website: www.friston.onesuffolk.net/parishcouncil

The Council were not subject to the requirements of the Transparency Code for smaller Councils for the financial year ended March 2021. 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** councils must publish on their website:

External audit report

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2021 Annual Return, Section One Published – Yes
2021 Annual Return, Section Two Published – Yes
2021 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations** councils must publish on their website:

Notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Start Date *29/6/2021* End Date *28/7/2021*

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £7,777.91 (2021-2022) – obtained from the year end accounts
Date: 11/1/2021 (Ref: 13/21)
Precept: £7,745.91 (2022-2023) – obtained from the precept request form
Date: 24/12/2022 (Ref: 177/22)

Good budgetary procedures are in place. The precept was agreed in full council, however, the precept decision and amount has not been recorded in the minutes for the 2021-2022 or 2022-2023 precept setting. 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: *To formally record the precept decision and the amount in the minutes.*

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.

Tenancy agreements are in place for allotment holders.

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
Employer's Reference: 475/MA59635
P60s issued: Yes

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place and a P60 has been produced as part of the year end process.

It is noted that the Council undertook a review of salaries at a meeting held on 7/3/2022 (Ref: 200/22).

Asset control

Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

A separate asset register is in place. A review was undertaken at a meeting held on 7/3/2022 (Ref: 196/22). Values are recorded at cost value. The total value of assets are recorded at £37,750. 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.

Bank Balances at 31 March were confirmed as:

<i>Barclays Community</i>	<i>xxxx6476</i>	<i>£32,433.53</i>	
<i>Barclays Business Saver</i>	<i>xxxx7279</i>	<i>£8,250.01</i>	
<i>Ipswich BS</i>	<i>xxxx9202</i>	<i>£5,512.72</i>	<i>(30/11/2021)</i>

Reserves

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

The Council have adequate general reserves (£14,620.79) and have identified earmarked reserves (£30,363.52) 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 2021 Internal Audit report was considered by the Council at a meeting held on 28/6/2022 (Ref: 95/21).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 28/6/2021 (Ref: 95/21).

External Audit

The Council formally approved the 2021 AGAR at a meeting of the full Council held on 28/6/2021 (Ref: 96/21).

The External Auditor's report was considered at a meeting held on 1/11/21 (Ref: 143/21).

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

Section 1, Assertion 4 has been incorrectly completed. The internal auditor's full report notes that the website has the Public Rights Notice for year ending 31 March 2019 in the 2019/20 financial year. As such, the internal auditor responded 'No' to internal control objective M, and the authority should have responded 'No' to Section 1, Assertion 4.

Other matters not affecting our opinion which we draw to the attention of the authority:

The authority has received £330 in respect of a refund against expenditure in the prior year and has accounted for it as a receipt in prior year Section 2, Box 3 rather than netting it against the relevant expense. Whilst the Practitioners' Guide is silent on the matter, it is our view that the true cost to the authority should be shown on a net basis. Accounting on a gross basis inflates the gross income and gross expenditure of the authority and can push the authority into a higher fee band than it would otherwise be in.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 5/5/2021. 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
6 June 2022

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