

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Kirton & Falkenham 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: £23,522      Expenditure: £20,693      Reserves: £35,071

### AGAR Completion:

Section One: [Yes – signed & dated.](#)

Section Two: [Yes – signed & dated.](#)

Annual Internal Audit Report 2018/19: [Yes](#)

Certificate of Exemption: [Yes – signed & dated.](#)

**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.*

**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: [14<sup>th</sup> May 2018 Minute 3](#)

Financial Regulations in place: [Yes](#)

Reviewed: [14<sup>th</sup> May 2018 Minute 3](#)

VAT reclaimed during the year: [Yes](#)      Registered: [No](#)

*There were two VAT refunds totalling £2,729.09 in relation to the Recreation Ground which do not accord with the Review of Effectiveness of Internal Audit and Control dated 14/05/2018 that the Trustees manage their own administrative and financial affairs.*

***Recommendation (1):*** *HMRC advice to be sought on the VAT reclaim process for the Recreation Ground.*

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

### ***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. The council has included GDPR as an integral part of the council's Risk Assessment.*

Privacy Policy published: Yes

*Insurance was in place for the year of audit. The Risk Assessment was reviewed on 14<sup>th</sup> May 2018 Minute 3. Internal controls were reviewed on 14<sup>th</sup> May 2018 Minute 3.*

*The council does not own any play equipment.*

*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: £100,000

*The level of Fidelity cover is within 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: [Yes](#)

Website: [www.kirtonandfalkenham.suffolk.cloud](http://www.kirtonandfalkenham.suffolk.cloud)

- a) all items of expenditure above £100  
*Published – Yes*
- b) annual governance statement (By 1 July)  
*2018 Annual Return, Section One Published – Yes*
- c) end of year accounts (By 1 July)  
*2018 Annual Return, Section Two Published – Yes*
- d) external audit report  
*2018 Annual Return, Section Three Published – Yes*
- e) internal audit report (By 1 July)  
*2018 Annual Return, Published – Yes*
- f) notice of period for the exercise of public rights  
*Published – Yes*
- g) list of councillor or member responsibilities  
*Published – Yes*
- h) the details of public land and building assets (By 1 July)  
*Published – Yes*
- i) Minutes, agendas and meeting papers of formal meetings  
*Published – Yes*

*The council meets the requirements of the Transparency Code.*

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

Precept: £18,000 (2018/2019) Date: 8<sup>th</sup> January 2018 Minute 7iii

Precept: £20,137 (2019/2020) Date: 7<sup>th</sup> January 2019 Minute 9iii

*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** Associated books and established system in place

*No Petty Cash held*

*A satisfactory expenses system is in place with supporting paperwork.*

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**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.*

*The Clerk and RFO had their hourly rates increased from the 1<sup>st</sup> April 2018 at the meeting held on 9<sup>th</sup> July 2018 Minute 6i.*

**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 £7,748. 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. 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>Unity</i>	<i>£17,699.26</i>
<i>Barclays Community</i>	<i>£ 640.44</i>
<i>Barclays Business</i>	<i>£16,931.22</i>

**Reserves**

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

*The Council have adequate reserves of £35,071 and have identified earmarked reserves in their budgetary processes.*

**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 11<sup>th</sup> June 2018 Minute 6i.*

*The Internal Audit report was considered by the Council at a meeting held on 11<sup>th</sup> June 2018 Minute 6i.*

***Recommendation (2):*** *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 11<sup>th</sup> March 2019 Minute 11ii.*

**External Audit**

*The External Auditor's report was considered by the Council at a meeting held on 29<sup>th</sup> October 2018 Minute 6ii.*

*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 *19<sup>th</sup> June 2018*      End Date *30<sup>th</sup> July 2018*

**Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 14/05/2018, 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.



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