HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Kelsale-cum-Carlton 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: £38,371 Expenditure: £29,408 Reserves: £26,903

AGAR Completion:
Section One: Yes - completed with signatures and date of 24th April 2019
Section Two: Yes - no signature or date. **NB the Staff Costs are incorrectly shown as £7,883. It should be £7,833.**
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: 26th September 2018 - Minute 10712 7.5 and *27th February 2019 - Minute 10822 7.5*
Financial Regulations in place: Yes
Reviewed: 26th September 2018 - Minute 10712 7.2 and *27th February 2019 - Minute 10822 7.3*

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: Yes

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

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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 - ZA426312 - Expiry 13th June 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 (1): *To include reference to GDPR in the Council's Risk Assessment.*

Privacy Policy published: *Yes*

Insurance was in place for the year of audit. The Risk Assessment was not reviewed during the year of Audit (Last reviewed on the 28th March 2018). Internal controls were reviewed on 27th March 2019 - Minute 10844 7.3 & 7.4

The annual playground equipment 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: £150,000

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

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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.kelsalecarltonpc.org.uk

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 is not subject to the requirements of the Transparency Code for smaller Councils. It is commendable that the council still meets the requirements of the Transparency Code.

Budgetary controls

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

Precept: £19,225 (2018/2019) Date: 13th December 2017 - Minute 10553d
Precept: £19,782 (2019/2020) Date: 12th December 2018 - Minute 10781 10.7

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.

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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 - Employer Ref 245/TA54747 *The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place except a P60 which has not been produced as part of the year end process. The Council has joined the NEST pension scheme.* ***Recommendation (2):*** *Copy of P60 to be maintained in the Audit File as part of year-end process.*
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 £64,798. 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 *The Bank Reconciliation is* ***as at the 4th April 2019*** *not the 31st March 2019 as required. If the reconciliation is modified to:* • *take account of the bank balances as at the 31st March 2019* • *increase the unpresented cheques to the correct value of £5,272.06* • *Take out the £2 Commission charge dated 4th April 2019 from the cashbook* • *Add unpresented receipts of £2.88* *the bank statements are reconciled with the end of year accounts and bank reconciliations for all accounts. Bank balances as at 31st March 2019 are:* *Business Current £28,571.26* *Business Savings £ 7,081.58* ***Recommendation (3):*** *Use the bank balance as at the 31st March for the reconciliation.*

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eserves	General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified *The Council have adequate reserves (£26,902) and have identified earmarked reserves headings in the accounts.*
ear-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.*
ole Trustee	The Council has met its responsibilities as a trustee *The Council is not a sole trustee.*
nternal Audit rocedures	*The Council reviewed the effectiveness of the internal audit at a meeting held on 27th March 2019 - Minute 10844 7.2* *The Internal Audit report was not considered by the Council at a meeting held on 27th March 2019 - Minute 10844 7.2.* *Heelis & Lodge were appointed Internal Auditor at a meeting held on 27th February 2019 - Minute 10822 7.3*
xternal Audit	*The External Auditor's report was not considered by the Council at a meeting held during the year of Audit.* *There were no matters raised by the External Auditor in relation to the 2017-2018 External Audit.* ***Recommendation (4):*** *It is a requirement that the External Auditor's report be reviewed at a meeting which is to be recorded in the minutes along with any actions to be taken.*

eriod of Exercise of Public Rights Start Date *2nd July 2018* End Date *10th August 2018*

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Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 30/05/2018, within the required timescale. However, there was no agenda items that conformed to the Standing Orders in respect to the Election of Chairman and Vice Chairman and it followed the agenda of an ordinary parish council meeting.
- 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 documentatio presented in the Audit File.

Dave Crimmin

Dave Crimmin PSLCC
Heelis & Lodge
11th May 2019

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