

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Wickham Market 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: £98,810.55 Expenditure: £63,233.93 Reserves: £117,425.67

AGAR Completion:

Section One: **Yes - signed**

Section Two: **Yes - signed**

Annual Internal Audit Report 2021/2022: **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. VAT payments are tracked and identified within cashbook and the year end accounts. If the Council does not hold the General Power of Competence then the same needs to be applied for LGA1972 s137 expenditure.

The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.

Recommendation: *To minute the power used when resolving to pay a grant. Please note that not all grants will fall under LGA1972 s137. A separate heading should be used in the cash book and year end accounts for LGA1972 s137 expenditure.*

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: **21/3/2022 (Ref: 15.1)**

Financial Regulations in place: **Yes**

Reviewed: **21/3/2022 (Ref: 15.2)**

VAT reclaimed during the year: **Yes (April and August 2021)** Registered: **No**

Contact details : 1 Hembling Terrace, Mill Lane, Suffolk, IP13 0PP

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy FILCM

Lynne Lodge Dip HE Local Policy

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: ZA236912)

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, and was reviewed and renewed at a meeting held on 17/5/2021 (Ref: 1.4). There was no evidence in the minutes that the Risk Assessment, including Internal Controls have been reviewed during the year of audit.

Recommendation: *To ensure the annual review of the Risk Assessment and Internal Controls is carried out during the year of audit.*

The Council have satisfactory 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.

Fidelity Cover: £100,000

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

Recommendation: *To review the level of Fidelity cover in line with the recommended 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.wickhammarket.onesuffolk.net

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Tel: 07732 681125
Email: heather@heelis.eu

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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:

External audit report

2021 Annual Return, Section One Published – Yes

2021 Annual Return, Section Two Published – Yes

2021 Annual Return, Section Three Published – Not received yet

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 *14/6/2021*

End Date *23/7/2021*

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £71,982.73 (2021-2022)

Date: 18/1/2021 (Ref: 12.4)

Precept: £75,118 (2022-2023)

Date: 17/1/2022 (Ref: 20)

Effective 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.

It is noted that income from the market is received from a councillor's personal account, indicating that market rent is not being paid directly into the Council's account.

Whilst this does not directly breach the Council's Financial Regulations (Ref: 6.20) in that 'All cashed received must be banked intact', the Council's Internal Controls (reviewed 26/5/2022) states that 'All income is received and banked in the council's name...', which is further expanded on in the Risk Assessment that

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'The Clerk & Cemetery Clerk pay all monies received into the Community Account'. When looking at all documents it is concluded that the practice of collecting and banking the income from the market falls under the duties of the Clerk or Cemetery Clerk and not that of individual councillors, and that monies collected should be banked directly into the Community Account.

It is noted that current practice contravenes the minute (Ref: 27/9/2021 – item 12) which states that 'Market income is being passed to Linda for paying in to the Council's account'.

Recommendation: *To review the current arrangements regarding the receipt and banking of market income.*

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: **120/UA59633**
P60s issued: **Yes**

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and P60s have been produced as part of the year end process. The Council have joined the NEST pension scheme.

It is noted that the Council undertook a review of salaries at a meeting held on 13/10/2021 (Ref 5).

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 21/3/2022 (Ref: 15.3). Values are recorded at cost value/insurance value. The total value of assets are recorded at £770,632. 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>xxxx6664</i>	<i>£101,641.53</i>
<i>Barclays BP</i>	<i>xxxx1282</i>	<i>£15,784.14</i>

Reserves

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

*The Council have generous general reserves (£117,425.67). It is **recommended** that the Council identify earmarked reserves 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

There was no evidence in the minutes that the 2021 Internal Audit report was considered by the Council.

Recommendation: *To review the Internal Audit report at a meeting and formally record the review.*

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 17/1/2022 (Ref: 21).

External Audit

The Council formally approved the 2021 AGAR at a meeting of the full Council held on 17/5/2021 (Ref: 11.3).

There External Audit for 2021 has not been concluded due to an ongoing investigation. The expected date for receipt of the report is September 2022.

It is noted that the Council have ticked 'Yes' in Box 5 of Section One of the 2022 AGAR. As there was no review of the Risk Assessment/Internal Controls carried out during the year of audit this box should be ticked 'No'.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 17/5/2021. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- It is a requirement to consecutively number minutes kept in a loose-leaf format. The definition of consecutively number for minutes is continuous throughout the year as opposed to individual 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 her assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
8 July 2022