

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Mendlesham 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: £72,006 Expenditure: £75,798 Reserves: £81,092

AGAR Completion:

Section One: **Yes - not signed or dated**

Section Two: **Yes - not signed or dated**

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: **16th May 2018 - Minute 8**
Reviewed: **3rd October 2018 - Minute 8**
Reviewed: **6th February 2019 - Minute 9**

Financial Regulations in place: **Yes**
Reviewed: **16th May 2018 - Minute 8**

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.

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 - ZA098209 - Expiry 16th February 2020

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. The council has updated its Risk Assessment to include GDPR.

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 6th February 2019 - Minute 10. Internal controls were reviewed on 6th March 2019 - Minute 7g.

The annual inspection has been undertaken on the play areas.

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: No
Website: www.mendlesham.suffolk.cloud

The Council is not subject to the requirements of the Transparency Code for smaller Councils.

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

Precept: £35,697 (2018/2019) Date: 10th January 2018 - Minute 10d

Precept: £37,700 (2019/2020) Date: 9th January 2019 - Minute 9e

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.

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 - Basic PAYE Tools

The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and P60's have been produced as part of the year end process. The Council have joined the NEST pension scheme.

The 2018 / 2019 National Salary awards were noted by councillors at the meeting held on 16th May 2018 - Minute 11.

The 2019 / 2020 National Salary awards were agreed by councillors at the meeting held on 6th February 2019 -Minute 21.

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 £245,189. 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 31st March 2019 were confirmed as:

<i>Lloyds BB Instant Online (**0668)</i>	<i>£11,630.56</i>
<i>Lloyds Deposit</i>	<i>£40,567.31</i>
<i>Lloyds BB Instant Online (**1068)</i>	<i>£10,012.59</i>
<i>Lloyds Business</i>	<i>£18,982.47</i>

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

The Council have adequate general reserves (£22,584) and have identified earmarked reserves (£58,509) as part of their year-end process.

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 sole trustee for:

- Mendlesham Community Centre Charity (CC Ref 304795) whose accounts for the year ended 31st March 2018 were updated on the Charity Commission website on the 7th November 2018.*
- Mendlesham Memorial Playingfields Charity (CC Ref 304794) whose accounts for the year ended 31st March 2018 were updated on the Charity Commission website on the 7th November 2018.*

Internal Audit Procedures

The Council reviewed the effectiveness of the internal audit at a meeting held on 6th February 2019 - Minute 12.

The Internal Audit report was considered by the Council at a meeting held on 6th June 2018 - Minute 7b with all recommendations and actions recorded in the minute.

Heelis & Lodge were appointed Internal Auditor at a meeting held on 16th May 2018 - Minute 5h


External Audit

The External Auditor's report was considered by the Council at a meeting held on 3rd October 2018 - Minute 7c.

There were no matters raised by the External Auditor in relation to the 2017 - 2018 External Audit.

Period of Exercise of Public RightsStart Date *4th June 2018*End Date *13th July 2018***Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 16/05/2018, 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 her assistance during the course of the audit work and for the quality of documentation presented in the Audit File.

**Dave Crimmin PSLCC****Heelis & Lodge**17th May 2019