

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Mendlesham Parish Council – 2019/2020

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

Income: £71,303.83

Expenditure: £70,113.27

Reserves: £82,283.49

AGAR Completion:

Section One: **No not present**

Section Two: **Yes in pencil not signed**

Annual Internal Audit Report 2019/20: **Yes**

Certificate of Exemption: **N/A**

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Council hold the General Power of Competence and LGAs137 does not apply.

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: **15th May 2019 (Ref: 11)**

Financial Regulations in place: **Yes**

Reviewed: **15th May 2019 (Ref: 11)**

VAT reclaimed during the year: **Yes**

Registered: **No**

General Power of Competence: **Yes - as adopted at meeting on 15th May 2019 (Ref: 7).**

Two tenders exceeding the £25,000 threshold (MUGA & Wheel Sport Area projects) had been advertised on the Contract Finders website. Meeting of 7th August 2019 (Ref: 11) details outcome of the tender process which utilised the Public Works website.

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

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 16/02/2021

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 5th February 2020 (Ref: 14).

The Council have good 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.

The annual play area inspection has been undertaken during the year 6th November 2019 (Ref: 8f).

Fidelity Cover: £250,000

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

Website: www.mendlesham.suffolk.cloud

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

Under **The Accounts & Audit Regulations 2015 15(15)** councils must publish on their website:

h) external audit report

2019 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

i) notice of period for the exercise of public rights

Published – Yes

Period of Exercise of Public Rights

Start Date 17th June 2019

End Date 26th July 2019

Budgetary controls

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

Precept: £37,700 (2019-2020)

Date: 9th January 2019 (Ref: 9e)

Precept: £40,000 (2020-2021)

Date: 8th January 2020 (Ref: 8f)

Good 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

A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.

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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 P60's have been produced as part of the year end process. The Council have joined the NEST pension scheme.

The Clerk's hours were increased at the meeting on 6th November 2019 (Ref: 10).

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/insurance value. The total value of assets are recorded at £247,525. 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.

Reconciled Bank Balances were confirmed as:

| | |
|--|--|
| <i>Lloyds BB Instant Online (**0668)</i> | <i>£11,636.36 as at 31st March 2020</i> |
| <i>Lloyds Deposit</i> | <i>£40,862.39 as at 31st March 2020</i> |
| <i>Lloyds BB Instant Online (**1068)</i> | <i>£10,017.59 as at 31st March 2020</i> |
| <i>Lloyds Business</i> | <i>£20,642.15 as at 31st March 2020</i> |

Bank signatories appointed at meeting on 15th May 2019 (Ref: 13). Change of signatory confirmed on 4th September 2019 (Ref: 6a).

Reserves

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

The Council have adequate general reserves (£27,738) and have identified earmarked reserves (£54,545) 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 a Trustee of the:

Mendlesham Memorial Playingfields Charity (Charity Commission 304794) – accounts for year ending 31st March 2019 were updated on the 10th December 2019.

Mendlesham Community Centre Charity (Charity Commission 304795) – accounts for year ending 31st March 2019 were updated on the 10th December 2019.

Internal Audit Procedures

The 2019 Internal Audit report was considered by the Council at a meeting held on 5th June 2019 (Ref: 9b).

A review of the effectiveness of the Internal Audit was carried out on 5th February 2020 (Ref: 12).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 15th May 2019 (Ref: 7h).


External Audit

The External Auditor's report was considered at a meeting held on 2nd October 2019 (Ref: 7a).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 15/05/2019 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 excellent quality of documentation presented in the Audit File.



**Dave Crimmin PSLCC
Heelis & Lodge**

12th May 2020

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS
Tel: 07732 681125
Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy