

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Mendlesham Parish Council – 2020/2021

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

Income: £215, 350

Expenditure: £218,998

Reserves: £78,635

AGAR 2020 / 2021 Completion:

Section One: [Yes and signed](#)

Section Two: [Yes and signed](#)

Annual Internal Audit Report 2020 / 21: [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: [4th November 2020 \(Ref: 10\)](#) & [10th March 2021 \(Ref: 9\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [10th March 2021 \(Ref: 9\)](#)

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 16/02/2022

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 10th February 2021 (Ref: 12).

The Council have good 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 on 10th March 2021 (Ref: 7a).

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. 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:

h) external audit report

2020 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 / No

Period of Exercise of Public Rights

Start Date 29th June 2020

End Date 7th August 2020

Budgetary controls

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

Precept: £40,000 (2020 / 2021) Date: 8th January 2020 (Ref: 8f)

Precept: £40,000 (2021 / 2022) Date: 20th January 2021 (Ref: 6f)

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.

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**
Employer PAYE Reference: 475/TA58037

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 have joined the NEST pension scheme.

It is noted that the Council undertook a review of salaries at a meeting held on 13th January 2021 (Ref: 12)

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 10th March 2021 (Ref: 8d). Values are recorded at cost value/. The total value of assets are recorded at £393,085. 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>£11,639.40 as at 9th March 2021</i>
<i>Lloyds Deposit</i>	<i>£40,895.56 as at 31st March 2021</i>
<i>Lloyds BB Instant Online (**1068)</i>	<i>£10,020.16 as at 9th March 2021</i>
<i>Lloyds Business</i>	<i>£16,680.60 as at 31st March 2021</i>

Recommendation (1): *Use the bank balance as at the 31st March for the reconciliation.*

Reserves

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

The Council have adequate general reserves (£15,379) and have identified earmarked reserves (£63,256) 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 2020 were updated on the 22nd December 2020.

Mendlesham Community Centre Charity (Charity Commission 304795) – accounts for year ending 31st March 2020 were updated on the 22nd December 2020.

Internal Audit Procedures

The 2019 / 2020 Internal Audit report was considered by the Council at a meeting held on 3rd June 2020 (Ref: 8b).

A review of the effectiveness of the Internal Audit was carried out on 10th February 2021 (Ref: 14).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 3rd June 2020 (Ref: 8h).

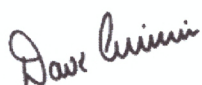
External Audit

The External Auditor's report was considered at a meeting held on 7th October 2020 (Ref: 8c)

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 13/05/2020, 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
17th May 2021

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