

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Mendlesham 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: £57,201.97

Expenditure: £51,110.74

Reserves: £84,726.95

### AGAR 2021 / 2022 Completion:

Section One: [Yes and signed](#)

Section Two: [Yes and signed](#)

Annual Internal Audit Report 2021 / 22: [Yes](#)

Certificate of Exemption: [Not applicable.](#)

**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: [5<sup>th</sup> May 2021 \(Ref: 8\)](#) & [9<sup>th</sup> March 2022 \(Ref: 10\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [5<sup>th</sup> May 2021 \(Ref: 8\)](#) & [9<sup>th</sup> March 2022 \(Ref: 10\)](#)

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 16/02/2023

### **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 9<sup>th</sup> February 2022 (Ref: 14)*

*The Council have good internal financial controls in place. 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 as per meeting on 14<sup>th</sup> July 2021 (Ref: 9a) & 9<sup>th</sup> February 2022 (Ref: 15c)*

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](http://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 13(1a)** councils must publish on their website:

Statement of Accounts, External Audit report and Annual Governance statement.  
*2021 Annual Return, Section One Published – Yes*  
*2021 Annual Return, Section Two Published – Yes*  
*2021 Annual Return, Section Three Published – Yes*

Under **The Accounts & Audit Regulations 2015 15(2b)** 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<sup>th</sup> June 2021

End Date 23<sup>rd</sup> July 2021

## Budgetary controls

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

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

Precept: £44,000 (2022 / 2023) Date: 12<sup>th</sup> January 2022 (Ref: 8i)

*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  
P60's issued: Yes

*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 has joined the NEST pension scheme.*

## **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 is recorded at £445,166. 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 ****3541</i>	<i>£40,907.40 as at 31<sup>st</sup> March 2022</i>
<i>Lloyds ****2360</i>	<i>£22,157.79 as at 31<sup>st</sup> March 2022</i>
<i>Lloyds ****0668</i>	<i>£11,640.58 as at 31<sup>st</sup> March 2022</i>
<i>Lloyds ****1068</i>	<i>£10,021.18 as at 31<sup>st</sup> March 2022</i>

*Bank signatories were appointed at the meeting on 5<sup>th</sup> May 2021 (Ref: 10).*

## **Reserves**

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

*The Council have adequate general reserves (£24,126) and have identified earmarked reserves (£60,601) in the 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 is 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 31<sup>st</sup> March 2021 were updated on the 21<sup>st</sup> December 2021.*

*Mendlesham Community Centre Charity (Charity Commission 304795) – accounts for year ending 31<sup>st</sup> March 2021 were updated on the 21<sup>st</sup> December 2021.*

**Internal Audit Procedures**

*The 2021 Internal Audit report was considered by the Council at a meeting held on 9<sup>th</sup> June 2021 (Ref: 9b).*

*A review of the effectiveness of the Internal Audit was carried out on 9<sup>th</sup> February 2022 (Ref: 16)*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 9<sup>th</sup> June 2021 (Ref: 9c).*

**External Audit**

*The Council formally approved the AGAR at a meeting of the full Council held on 5<sup>th</sup> May 2021 (Ref: 6d)*

*The External Auditor's report was considered at a meeting held on 6<sup>th</sup> October 2021 (Ref: 7c)*

*There were no matters arising from the External Audit.*

### **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 5<sup>th</sup> May 2021. 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
- I would like to record my appreciation to the Clerk to the Council for the quality of documentation presented in the Audit File.

*Dave Crimmin*

**Dave Crimmin PSLCC**  
**Heelis & Lodge**  
30<sup>th</sup> May 2022