

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for East Ilsley 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: £44,127.32      Expenditure: £72,297.15      Reserves: £34,868.71

#### AGAR Completion:

Section One: [Yes – to be signed](#)

Section Two: [Yes – to be signed](#)

Annual Internal Audit Report 2018/19: [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. LGAs137 and VAT payments are tracked and identified within the year end accounts.*

*The Council use the RBS accounting software. The cashbook is referenced providing a clear audit trail and 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: [28/5/2020 \(Ref: 003/28052020/VAMPC\)](#)

Financial Regulations in place: [Yes](#)  
Reviewed: [28/5/2020 \(Ref: 003/28052020/VAMPC\)](#)

VAT reclaimed during the year: [Yes](#)      Registered: [No](#)

General Power of Competence: [No](#)

*Terms of Reference for the Staffing Committee were reviewed at the Annual meeting held on 28/5/2020 (Ref: 11.).*

*There was no evidence of 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: Z3620657)

### ***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 at the Annual meeting held on 28/5/2020 (Ref: 17.). The Risk Assessment, including Internal Controls were reviewed at a meeting held on 15/9/2020 (Ref: 11.).*

*The Council have effective 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 comprehensive monthly reports and supporting information to enable them to make informed decisions.*

*The annual play area inspection has been undertaken (Ref: January 2020).*

*A review of the following policies was undertaken at the Annual meeting held on 28/5/2020:*

- *Complaints Procedure*
- *FOI Requests*
- *Press/Media Policy*

*The Grievance and Disciplinary Policies were adopted at a meeting held on 19/1/2021 (Ref: 12.).*

Fidelity Cover: £150,000

*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: <https://www.eastilsley-pc.gov.uk>

*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 Local Audit (Smaller Authorities) Regulations 2015 9(6 & 7)** a smaller council having certified itself as an Exempt Authority must publish on their website:

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

External audit report

*2019 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 **15/6/2020**

End Date **24/7/2020**

## Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £19,935 (2021-2022)

Date: 19/1/2021 (Ref: 10.)

Precept: £14,430 (2020-2021)

Date: 14/1/2020 (Ref: 9.)

*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.*

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**Petty Cash**

Associated books and established system in place

*A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held. Expenses details are thorough and provide a clear audit trail.*

**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 Ref: **475/WA63643**

*The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and a P60 has been produced as part of the year end process.*

*It is noted that the Council undertook a review of salaries at a meeting held on 14/1/2020 (Ref: 8.) and again on 1/9/2020 (Ref: 5.).*

*It is noted that the Clerk was paid for untaken annual leave at the end of the 2019-2020 financial year. Whilst the Working Time Regulations were amended due to Covid to enable employees to carry forward statutory leave, there was no provision to pay employees for untaken leave. This can only be done where an employee is leaving and is owed leave at the end of their employment.*

**Recommendation:** *To note the above for future reference.*

**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 £100,406. 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>Unity Trust Current</i>	<i>xxxx2874</i>	<i>£10,234.11</i>
<i>Unity Trust Deposit</i>	<i>xxxx2887</i>	<i>£24,634.60</i>

**Reserves**

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

*The Council have adequate general reserves (£10,476.68) and have identified earmarked reserves (£24,392.03) 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**

*The 2020 Internal Audit report was considered by the Council at a meeting held on 28/5/2020 (Ref: 9.).*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 10/11/2020 (Ref: 9.).*

**External Audit**

*The External Auditor's report was considered at a meeting held on*

*The following matters were brought to the attention of the Council:*

*Section 2, Box 9 of the 2020 AGAR requires restating for 2018-2019. This will require 2019-2020 to be restated in the 2021 AGAR. This was completed on 31/3/2021.*

**Additional Comments/Recommendations**

- The Annual Parish/Town Council meeting was held on 28/5/2020. 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 thank her for the excellent standard of record keeping and presentation of documentation provided for the audit.



**Heather Heelis**  
**Heelis & Lodge**  
23 April 2021

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