

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Great Burstead & Soth Green Village 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: £34,331.32

Expenditure: £17,581.30

Reserves: £97,842

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

LGAs137 and 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. Two items were entered in the cashbook relating to cheques raised on the 6th April 2021:

<i>Cheque # 22412</i>	<i>Clerk Expenses</i>	<i>£ 7.00</i>
<i>Cheque # 22413</i>	<i>Clerk HW Allowance</i>	<i>£150.00</i>

Recommendation (1): Both cheques to be removed from cashbook and entered in 2021 / 2022 cashbook. Total payments and unrepresented cheques to be reduced accordingly.

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: 3rd November 2020 (Ref: 20/75)

Financial Regulations in place: Yes

Reviewed: 3rd November 2020 (ref: 20/74)

VAT reclaimed during the year: Yes

Registered: No

General Power of Competence: No

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: No

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.

Recommendation (2): *To register with the ICO for Data Protection in light of GDPR legislation.*

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 3rd November 2020 (Ref: 20/74 & 20/77).

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.

Fidelity Cover: £150,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.

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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.greatbursteadsouthgreenparishcouncil.gov.uk

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

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

Period of Exercise of Public Rights

Start Date 1st September 2020

End Date 12th October 2020

Budgetary controls

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

Precept: £30,172.58 (2020 / 2021)

Date: 5th December 2019 (Ref: 19/233)

Precept: £30,460.60 (2021 / 2022)

Date: 1st December 2020 (Ref: 20/95)

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: 083/BA8101

The Council continue to operate RTI in accordance with HMRC regulations. However, the backpay of £101.94 should have been processed through PAYE Tools despite it having no impact on the Clerk's Tax Liability it may have NI implications. All supporting paperwork is in place and a P60 has been produced as part of the year end process. The Council has not joined the LGPS / NEST pension scheme.

It is noted that the Council undertook a review of salaries at a meeting held on 6th October 2020 (Ref: 20/60)

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 review on 3rd November 2020 (Ref: 20/76). Values are recorded at cost value. The total value of assets are recorded at £15,588. 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 as at 31st March 2021 were confirmed as:

<i>Santander Business</i>	<i>£48,505.91</i>
<i>Santander Savings</i>	<i>£49,608.35</i>

Bank signatories were reviewed at the meeting on 5th May 2020.

Reserves

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

The Council have adequate general reserves (£76,842) and have identified earmarked reserves (£21,000) in their year-end accounts.

Recommendation (3): *The council should review whether further Earmarked reserves need to be established.*

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 2019 / 2020 Internal Audit report was considered by the Council at a meeting held on 7th July 2020.

Recommendation (4): *When applicable, the council's response to the Internal Audit recommendations should be contained in the minutes of the meeting.*

A review of the effectiveness of the Internal Audit was not carried out during the year of Audit.

Recommendation (5): *It is a requirement to review the effectiveness of the internal audit during the year of accounts.*

Heelis & Lodge were not appointed as Internal Auditor at a meeting held during the year of Audit.

Recommendation (6): *It is a requirement to appoint the Internal Auditor and record the decision in the minutes of the meeting.*

External Audit

The External Auditor's report was considered at a meeting held on 2nd February 2021 (Ref: 21/30).

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

Minute references were missing in Sections 1 and 2.

Additional Comments/Recommendations

- Due to the Coronavirus pandemic, the requirement to hold the Annual Parish / Town Council meeting was removed until May 2021.
- 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 excellent quality of documentation presented in the Audit File.



Dave Crimmin PSLCC
Heelis & Lodge
19th May 2021