

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Terling & Fairstead Parish Council – 2022/2023**

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

Income: £34,524      Expenditure: £51,599      Reserves: £24,539

#### AGAR 2022 / 2023 Completion:

Section One: **No**

Section Two: **Yes unsigned**

Annual Internal Audit Report 2022 / 23: **Yes**

Certificate of Exemption: **Not applicable**

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

*All were found to be in order. VAT payments are tracked and identified within the year-end accounts.*

*The cashbook is referenced providing an audit trail. Supporting paperwork is in place and 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 reclaimation

Cheque books, paying in books and other relevant documents

Standing Orders in place: **Yes**

Reviewed: **28<sup>th</sup> June 2022 (Ref: 27.93)**

Financial Regulations in place: **Yes**

Reviewed: **28<sup>th</sup> June 2022 (Ref: 27.93)**

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: Yes – Z2763857 Expiry 12/07/2023

***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: *No*

*Insurance was in place for the year of audit. There was no evidence in the minutes that the Risk Assessment, including Internal Controls, has been reviewed during the year of audit.*

***Recommendation (1): To ensure the annual review of the Risk Assessment and Internal Controls is carried out during the year of audit.***

*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 as per the meeting on 28<sup>th</sup> June 2022 (Ref: 27.93).*

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.terlingandfairstead.org.uk](http://www.terlingandfairstead.org.uk)

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

Under **The Accounts & Audit Regulations 2015 13(1a&b)** councils must publish on their website:

Statement of Accounts, External Audit report and Annual Governance statement.

*2022 Annual Return, Section One Published – Yes*

*2022 Annual Return, Section Two Published – Yes*

*2022 Annual Return, Section Three Published – Yes*

Under the requirements of the **Accounts and Audit Regulations 2015**

**13(2b)** a council is required to display AGAR's for the five years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 on their website. Please be advised that this should be part of your AGAR publication requirements.

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

Notice of period for the exercise of public rights

*Published – No*

Period of Exercise of Public Rights

Start Date

End Date

## Budgetary controls

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

Precept: £28,892 (2022 / 2023) Date: 18<sup>th</sup> January 2022 (Ref:27.03)

Precept: £30,681 (2023 / 2024) Date: 17<sup>th</sup> January 2023 (Ref: 29.01)

*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.*

<b>Income controls</b>	Precept and other income, including credit control mechanisms  <i>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.</i>
<b>Petty Cash</b>	Associated books and established system in place  <i>A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.</i>
<b>Payroll controls</b>	PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment  PAYE System in place: Yes – James Todd Employer PAYE Reference: 245/MZ05635 P60's issued: Yes  <i>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. The Council have joined the LGPS pension scheme.</i>
<b>Asset control</b>	Inspection of asset register and checks on existence of assets Cross-checking on insurance cover  <i>A separate asset register is in place. Values are recorded at cost value. The total value of assets is recorded at £89,463.33. The figure in the asset register does not correspond with the figure in Section 2, Box 9 of the AGAR.</i>
<b>Bank Reconciliation</b>	Regularly completed and cash books reconcile with bank statements  <i>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.</i>  <i>Reconciled Bank Balances as of 31<sup>st</sup> March were confirmed as:</i>

**Reserves**

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

*The Council have adequate general reserves (£24,538.95)*

**Recommendation (2):** *The council should adopt a Reserves Policy (Reference: Joint Panel on Accountability and Governance Practitioners' Guide – March 2023 s5.30 to 5.38)*

**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 not a sole trustee.*

**Internal Audit Procedures**

*The 2022 Internal Audit report was considered by the Council at a meeting held on 28<sup>th</sup> June 2022 (Ref: 27.93).*

**Recommendation (3):** *When applicable, the council's response to the itemised Internal Audit recommendations should be contained in the minutes of the meeting.*

*A review of the effectiveness of the Internal Audit was carried out on 17<sup>th</sup> May 2022 (Ref: 27.71)*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 17<sup>th</sup> May 2022 (Ref: 27.71)*

**External Audit**

*The Council formally approved the 2022 AGAR at a meeting of the full Council held on 28<sup>th</sup> June 2022 (Ref: 27.93).*

*The External Auditor's report was considered at a meeting held on 27<sup>th</sup> September 2022 (Ref: 28.51).*

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

7<sup>th</sup> June 2023  
Heelis & Lodge  
Dave Crimmin PSLCC



- The Annual Parish Council meeting was held on 17<sup>th</sup> May 2022. 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 for the quality of documentation presented in the Audit File.

#### Additional Comments/Recommendations