

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Highwood 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: £37,558

Expenditure: £28,652

Reserves: £43,250

AGAR 2021 / 2022 Completion:

Section One: [Yes electronically not signed.](#)

Section Two: [Yes electronically not signed.](#)

The Accounting Statement for 31 March 2022 appears to:

- have brought forward an incorrect value from the previous year - £34,344 rather than £34,335
- boxes 4,5 and 6 totalling £28,652 rather than £28,632
- boxes 7 and 8 stating £43,250 rather than £43,261

From the cashbook, bank reconciliation and bank statements presented in the Audit file the following table can be verified.

		Deposit	Current	Total
01/04/21	Opening Balance	£24,142.46	£10,193.07	£34,335.53
	Add Receipts	£3,996.09	£33,561.72	£37,557.81
		£28,138.55	£43,754.79	£71,893.34
	Less Payments	£0.00	-£28,632.01	-£28,632.01
		£28,138.55	£15,122.78	£43,261.33
19/08/21	Transfers	£14,843.00	-£14,843.00	£0.00
21/03/22	Transfers	-£1,740.00	£1,740.00	£0.00
	Closing Balance	£41,241.55	£2,019.78	£43,261.33

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

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

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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: No evidence in minutes of being reviewed during the year of Audit.
Financial Regulations in place: Yes
Reviewed: No evidence in minutes of being reviewed during the year of Audit.

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: Yes adopted 21st July 2021 (Ref: 45/21 c)

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

Recommendation (1): *The council to review and adopt Standing Orders and Financial Regulations and minute the action taken.*

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 – ZA759740 Expiry 31/05/2023

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. It is advised that, due to the financial risk associated with the new Data Protection Regulations, this should form part of the Council's Risk Assessment.

Recommendation (2): *To include reference to GDPR in the Council's Risk Assessment.*

Privacy Policy published: Yes

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 (3): *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.

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.highwoodpc.org

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 – No

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 1st July 2021 End Date 14th August 2021

Budgetary controls

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

Precept: £31,851 (2021 / 2022) Date: 23rd November 2020 (Ref: 70/20 f)

Precept: £40,030 (2022 / 2023) Date: 15th November 2021 (Ref: 70/21 d)

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.

It was noted that on three invoices dated 1st April 2021 for garage rent, VAT was added to the rent. As the council do not appear to be VAT Registered why is this being added?

Recommendation (4): *Ensure the process is in line with HMRC procedures.*

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 – Mayor Cuttle**
Employer PAYE Reference: 083/MA5029
P60's issued: No present in Audit file

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place but a P60 has not been produced as part of the year-end process. The Council has joined the NEST pension scheme.

Recommendation (5): *Copy of P60 to be maintained in Audit File as part of year-end process.*

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 £ 59,477 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 2022 were confirmed as:

<i>Unity Trust Current</i>	<i>£ 2,019.78</i>
<i>Unity Trust Instant</i>	<i>£41,241.55</i>

Reserves

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

The Council have adequate reserves of £43,261.33

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 2021 Internal Audit report was considered by the Council at a meeting held on 21st July 2021 (Ref: 45/21 f)

Recommendation (6): *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 carried out on 21st March 2022 (Ref: 94/22 b)

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 21st March 2022 (Ref: 94/22 b)

External Audit

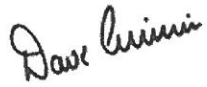
The Council formally approved the AGAR at a meeting of the full Council held on 2nd June 2021 (Ref: 32/21 f & g).

There is no evidence supplied that the External Auditor's report was considered at a meeting held during the year of Audit. As the report was not published on the council's website, it is not possible to review if there were any matters brought to the attention of the council by the External Auditor.

Recommendation (7): *It is a requirement that the External Auditor's report be reviewed at a meeting which is to be recorded in the minutes along with any actions to be taken.*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 2nd June 2021, outside 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.



Dave Crimmin PSLCC
Heelis & Lodge
6th June 2022