

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Ingatestone & Fryerning Parish Council – 2018/19

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

Income: £294,827.09 Expenditure: £389,615.34 Reserves: £226,031

AGAR Completion:

Section One: **No**

Section Two: **Yes - Draft**

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. VAT payments are tracked and identified within the year end accounts. LGAs137 is not used as the Council have the General Power of Competence. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. The Clerk keeps good records providing a clear audit trail.

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: **10/5/2018 (Ref: FC18/074)**
Financial Regulations in place: **Yes**
Reviewed: **10/5/2018 (Ref: FC18/074)**

VAT reclaimed during the year: **Yes** Registered: **Yes**

General Power of Competence: **Yes**

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Tenders exceeding the £25,000 threshold have been advertised on the Contract Finders website (Ref: 11/2/2019 – FC19/034).

Terms of reference for all Committees were reviewed at a meeting held on 10/5/2018 (Ref: FC18/074).

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: Z2055557)

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.

The Council have the following Risk Assessments in place:

- *Financial*
- *Fryerning Cemetery*
- *Fairfield*
- *Planning Committee*
- *Office*
- *Continuity Plan*

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

Recommendation: *The Financial Risk Assessment may benefit from making reference to the risks and safeguards regarding online banking.*

Privacy Policy published: *Yes – Data protection policies are in place and published on the website.*

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls, was reviewed during the year of audit at a meeting held on 10/5/2018 (Ref: FC18/074).

The Annual Play Area Inspection has been undertaken.

The Council have good internal financial controls in place. Cheque stubbs and invoices are initialled by signatories. The Council use online banking with triple authority. 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 below the recommended guidelines of year end balances plus 50% of the precept ie £226,031 plus £85,215 (£311,246).

Recommendation: *To review the level of Fidelity Cover in line with the recommended guidelines.*

Transparency Code

Compliance for smaller councils with income/expenditure under £25,000. Smaller authorities should publish on their website from 1 April 2015:

Smaller Council: No

Website: www.ingatestone-fryerningpc.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.

Budgetary controls

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

Precept: £170,430 (2019-2020)

Date: 3/1/2019 (Ref: FC19/008)

Precept: £165,466 (2018-2019)

Date: 11/1/2018 (Ref: FC18/009)

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.

A clear audit trail is in place from receipt book to bank statement and cash book.

Petty Cash

Associated books and established system in place

A satisfactory petty system is in place with supporting paperwork. The limit is £400 (Financial Regs: 6.16a).

Petty cash transactions were examined for the period April 2018 – 31 March 2019. Monthly reconciliations are undertaken and all were found to be in order.

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

Payroll is outsourced. The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and P60s have been produced as part of the year end process. The Council are part of the LGPS.

Salaries were reviewed at a meeting held on 17/1/2019 (Ref: PC19/008).

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 are recorded at £189,127. 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.

Balances at the bank at 31/3/2019 were confirmed as:

| | | | |
|----------------------|-----------------|--------------------|---|
| <i>Saffron BS</i> | <i>xxxx4014</i> | <i>£nil</i> | <i>Account closed 13/3/2019 (Ref: FC19/043)</i> |
| <i>Yorkshire BS</i> | <i>xxxx3207</i> | <i>£85,910.87</i> | |
| <i>Nationwide BS</i> | <i>xxxx2710</i> | <i>£85,860.90</i> | |
| <i>Unity Trust</i> | <i>xxxx5378</i> | <i>£138,169.62</i> | |
| <i>Petty Cash</i> | | <i>£24.46</i> | |

Reserves

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

The Council have a Reserves Policy in place which identifies adequate general reserves and earmarked reserves (£277,000). It is noted that the reserves cover the whole a contract period eg 3 year grounds maintenance, and also £61,000 6 months annual expenditure.

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 an Income & Expenditure basis. Creditors and Debtors are identified within the year end accounts.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2018 Internal Audit report was considered by the Council at a meeting held on 10/5/2018 (Ref: FC18/071).

External Audit

The External Auditor's report was considered at a meeting held on 4/10/2018 (Ref: FC18/162).

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

'Incorrect balance brought forward from the previous year'

This has been rectified and there is no further action to take.

'Non-compliance with the governance assertion in Section 1, Box 5'

This has been addressed and there is no further action to take.

Period of Exercise of Public Rights Start Date *17/6/2019* End Date *26/7/2019*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 10/5/2018, within 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.
- I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
21 May 2019

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INVOICE

To:

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|--|
| Ingatestone & Fryerning Parish Council 4 The Limes Ingatestone Essex CM4 0BE |
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| |
|--------------------|
| Invoice No: HL9049 |
|--------------------|

| |
|-------------------|
| Date: 21 May 2019 |
|-------------------|

| Details | Quantity | Amount (£) | Total (£) |
|---|----------|------------|-----------|
| To carry out Internal Audit for Ingatestone & Fryerning Parish Council for the year ended 31 March 2019 | 1 | 270.00 | 270.00 |
| Total | | | 270.00 |

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 72-00-00

Terms – 30 days

Thank you.

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