

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Ingatestone and Fryerning Parish Council – 2019/2020

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

Income: £265,590.89 Expenditure: £195,732.39 Reserves: £291,444.67

AGAR Completion:

Section One: **No**

Section Two: **Yes**

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

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: **13/5/2019 (Ref: FC19/080)**

Financial Regulations in place: **Yes**

Reviewed: **3/10/2019 (Ref: FC19/154)**

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

General Power of Competence: **Yes**

The Council adopted the General Power of Competence at their Annual meeting held on 13/5/2019 (Ref: FC19/079).

Tenders exceeding the £25,000 threshold have been advertised on the Contract Finders website.

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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. It is noted that a Data Protection Policy is in place.

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

Privacy Policy published: Yes

Insurance was in place for the year of audit and reviewed at a meeting held on 13/5/2019 (Ref: FC19/082). The Risk Assessment, including Internal Controls were reviewed at a meeting held on 4/4/2019 (Ref: FC19/062).

The Council have effective 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.

Bank signatories were confirmed at the Annual meeting held on 13/5/2020 (Ref: FC19/085).

Fidelity Cover: £250,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept ie, £291,445 plus £85,215 (£376,660).

It is noted that Fidelity cover has been reviewed and £250,000 was deemed adequate as reserves are due to be spent on capital projects during the year.

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.ingatestone-fryerning.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 Accounts & Audit Regulations 2015 15(15)** councils must publish on their website:

- a) external audit report
2019 Annual Return, Section Three Published – Yes

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

- b) notice of period for the exercise of public rights (2019)
Published – No

A new requirement for the Internal Audit required by the External Auditors is to check whether the Public Notice has been published on the website. It is noted that whilst the notice is published for the specified time it is removed from the website following the closure of the notice period. Given that the new requirement is for the Internal Audit to confirm whether the notice has been published it is recommended that the notice remains on the website as a permanent record.

Recommendation: *To retain the notice of period for the exercise of public rights on the website.*

Period of Exercise of Public Rights

Start Date 17/6/2019

End Date 26/7/2019

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

Precept: £170,430 (2019-2020)

Date: 3/1/2018 (Ref: FC19/008)

Precept: £173,839 (2020-2021)

Date: 9/1/2020 (Ref: FC20/014)

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.

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Petty Cash	<p>Associated books and established system in place</p> <p><i>A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from April 2019 to February 2020 and cross referenced with vouchers and the cash book.</i></p>								
Payroll controls	<p>PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment</p> <p>PAYE System in place: Yes</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced.</i></p>								
Asset control	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p><i>A separate asset register is in place. Values are recorded at cost value/insurance value. The total value of assets are recorded at £200,768.05. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i></p>								
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><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></p> <p><i>Bank Balances at 31/1/2020 were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Unity Trust Deposit</i></td> <td><i>£80,238.37</i></td> </tr> <tr> <td><i>Yorkshire BS</i></td> <td><i>£86,340.43</i></td> </tr> <tr> <td><i>Nationwide Saver</i></td> <td><i>£86,420.52</i></td> </tr> <tr> <td><i>Unity Trust Current</i></td> <td><i>£38,367.35</i></td> </tr> </table>	<i>Unity Trust Deposit</i>	<i>£80,238.37</i>	<i>Yorkshire BS</i>	<i>£86,340.43</i>	<i>Nationwide Saver</i>	<i>£86,420.52</i>	<i>Unity Trust Current</i>	<i>£38,367.35</i>
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Reserves	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p><i>The Council have adequate general reserves in their year end accounts. It is noted that the year end reserves are detailed in the Minimum Reserves Policy published on the website. For the 2019-2020 financial year the total reserves stand at £277,000.</i></p>								
Year-end procedures	<p>Appropriate accounting procedures are used and can be followed through from working papers final documents Verifying sample payments and income Checking creditors and debtors where appropriate.</p>								

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 2019 Internal Audit report was considered by the Council at a meeting held on 6/6/2019 (Ref: FC19/096).

External Audit

There was no evidence found in the minutes that the External Auditor's report was considered at a meeting.

There were no matters arising from the External Audit.

Recommendation: *To ensure that the External Auditor's report is considered by the Council and that this is noted in the minutes.*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 13/5/2019, 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
17 April 2020