

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Long Melford 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: £238,257 Expenditure: £325,264 Reserves: £238,263

AGAR Completion:

Section One: [Yes – to be signed](#)

Section Two: [Yes – to be signed](#)

Annual Internal Audit Report 2020/2021: [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: [1/4/2021, 22/4/2021, 2/12/2021](#)
Adopted: [7/4/2022 \(Ref: 22/4-5\(b\)\)](#)
Financial Regulations in place: [Yes](#)
Reviewed: [3/2/2022 \(Ref: 22/2-4\(e\)\)](#)

VAT reclaimed during the year: [Yes](#)

20/12/2021	£20,346.63
1/9/2021	£15,333.95
10/5/2021	£4,028.73

Registered: [No](#)

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General Power of Competence: Yes

Tenders exceeding the £25,000 threshold were sought via the council's tendering process. Due to the specific nature of the play equipment it was resolved that the contract was not suitable to have been advertised on the Contract Finders website.

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: Z3274651)

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: Yes

Insurance was in place for the year of audit. The Risk Assessment was reviewed at the following meetings:

7/10/2021 (Ref: 21/10-5(a)1)
1/12/21 (Ref: 21/12-5(g))

The Council have effective internal financial controls in place. A comprehensive schedule of internal controls undertaken during the year was presented to the council on 3/2/2022 evidencing that the council undertake a thorough audit trail of internal control. In addition to this the council also have a nominated councillor who carries out a quarterly check. This involves carrying out an audit trail on a number of transactions, reconciling cemetery income and a check on the assets register.

The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £400,000

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.longmelford-pc.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** councils must publish on their website:

External audit report

2021 Annual Return, Section One Published – Yes

2021 Annual Return, Section Two Published – Yes

2021 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations** 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 [14/6/2021](#)

End Date [23/7/2021](#)

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £145,000 (2021-2022)

Date:14/1/2021 (Ref: 21/01-9)

Precept: £151,080 (2022-2023)

Date:13/1/2022 (Ref: 22/01-4(e))

Effective 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.

The following fees were reviewed during the year:

<i>Burial</i>	<i>14/1/2021</i>	<i>Ref: 21/1-4(5)</i>
<i>Café</i>	<i>2/9/2021</i>	<i>Ref: 21/9-5(a)</i>
<i>Print</i>	<i>2/9/2021</i>	<i>Ref: 21/9-5(c)</i>

Petty Cash

Associated books and established system in place

A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from 1/4/2021 to 31/3/2022 and cross referenced with vouchers and the cash book.

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**
Employer's Reference: **245/SL330**
P60s issued: **Yes**

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. A pension scheme is in place.

It is noted that the Council undertook a review of salaries at a meeting held on 1/4/2021 (Ref: 21/04-9(5)).

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 £313,012. 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.

Bank Balances at 31 March were confirmed as:

<i>Lloyds</i>	<i>xxxx0469</i>	<i>£66,803.95</i>
<i>Ipswich BS</i>	<i>xxxx7885</i>	<i>£86,152.42</i>
<i>Nationwide BS</i>	<i>xxxx3440</i>	<i>£85,000.93</i>
<i>CP petty cash</i>		<i>£50.00</i>

Reserves

General Reserves are reasonable for the activities of the Council

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Earmarked Reserves are identified

The Council have adequate general reserves (£168,862) and have identified earmarked reserves (£69,401) in their year end accounts.

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 2021 Internal Audit report was considered by the Council at a meeting held on 6/5/21 (Ref: 21/5-10(3)i).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 3/2/2022 (Ref: 22/02-4(g)).

External Audit

The Council formally approved the AGAR at a meeting of the full Council held on 6/5/2021 (Ref: 21/05-11(3)iii).

The External Auditor's report was considered at a meeting held on 2/9/2021 (Ref: 21/09-4(c)).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 6/5/2021. 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 and RFO for their assistance during the course of the audit work and their excellent record keeping.



Heather Heelis
Heelis & Lodge
3 May 2022

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