

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Ardleigh 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: £86,434 Expenditure: £75,176 Reserves: £127,665

AGAR Completion:

Section One: [Not submitted](#)

Section Two: [Not submitted](#)

Annual Internal Audit Report 2018/19: [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. LGAs137 and VAT payments are tracked and identified within the year end accounts. 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: [8th October 2018 - Minute 18/189](#)
Financial Regulations in place: [Yes](#)
Reviewed: [8th October 2018 - Minute 18/189](#)

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.

Recommendation (1): To update Standing Orders to incorporate reference to the Public Contracts Regulations 2015.

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 - Z2821463 - Expiry 14th Sept 2019

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. The Risk Assessment was reviewed on 10th September 2018 - Minute 18/172. Internal controls were reviewed on 14th June 2018 - Minute 18/113.1

The annual RoSPA inspection has been undertaken on the play areas.

The Council have satisfactory internal financial controls in place. Payment summaries and invoices are initialled by signatories. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: *No document in Audit file shows the level of Fidelity cover that is offered under the insurance policy.*

Recommendation (3): *To review Fidelity Cover in line with the recommended guidelines of year end balances plus 50% of the precept.*

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.essexinfo.net/ardleighpc

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

Budgetary controls	<p>Verifying the budgetary process with reference to council minutes and supporting documents</p> <p>Precept: £35,075 (2018/2019) Date: 8th January 2018 - Minute 18/014.3 Precept: £36,390 (2019/2020) Date: 14th January 2019 - Minute 19/09.</p> <p><i>Satisfactory 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.</i></p>
Income controls	<p>Precept and other income, including credit control mechanisms</p> <p><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. Three Interest payments of £10.30 / £18.28 / £12.07 have been posted to Precept rather than Bank Interest in the cashbook.</i></p>
Petty Cash	<p>Associated books and established system in place</p> <p><i>No Petty Cash held A satisfactory expenses system is in place with supporting paperwork.</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 - PAYE Tools</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place but a P60 has not been produced as part of the year end process. The Council have joined the NEST pension scheme.</i></p> <p><i>Recommendation (4):</i> Copy of P60 to be maintained in Audit File as part of year-end process.</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. The total value of assets are recorded at £164,875. Not able to compare the figure in the asset register with the figure in Section 2, Box 9 of the AGAR, as AGAR not supplied.</i></p>

Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts. Bank balances as at 31st March 2019 were confirmed as:</i></p> <table> <tr> <td><i>Community</i></td><td><i>£52,763.73</i></td></tr> <tr> <td><i>Business Premium</i></td><td><i>£24,238.10</i></td></tr> <tr> <td><i>Your Rate Reward</i></td><td><i>£50,663.48</i></td></tr> </table>	<i>Community</i>	<i>£52,763.73</i>	<i>Business Premium</i>	<i>£24,238.10</i>	<i>Your Rate Reward</i>	<i>£50,663.48</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 generous general reserves (£77,002) and have identified earmarked reserves (£50,663) in their year-end accounts</i></p>						
Year-end procedures	<p>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.</p> <p><i>End of year accounts are prepared on a Receipts & Payments Basis.</i></p>						
Sole Trustee	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is sole trustee for two charities:</i></p> <ul style="list-style-type: none"> <i>Charity Commission reference 801290 - The Recreation Ground, Ardleigh. The accounts FYE 31 Mar 2018 were updated on the CC website on the 24th November 2018.</i> <i>Charity Commission reference 301234 - Ardleigh Village Hall - The accounts FYE 31 Mar 2018 were updated on the CC website on the 24th November 2018.</i> 						
Internal Audit Procedures	<p><i>The Council reviewed the effectiveness of the internal audit at a meeting held on 14th June 2018 - Minute 18/113.1</i></p> <p><i>The Internal Audit report was considered by the Council at a meeting held on 14th June 2018 - Minute 18/113.2</i></p> <p><i>Recommendation (5):</i> <i>When applicable, the council's response to the Internal Audit recommendations should be contained in the minutes of the meeting.</i></p> <p><i>Heelis & Lodge were appointed Internal Auditor at a meeting held on 9th July 2018 - Minute 18/136.</i></p>						

External Audit

The External Auditor's report was considered by the Council at a meeting held on 8th October 2018 - Minute 18/190.

The following matters were raised by the External Auditor:

*The AGAR was not accurately completed before submission for review.
The smaller authority has not addressed the 'except for matter raised by the external auditor when qualifying the prior year return. The smaller authority has not restated the 2016 / 17 figure in Section 2, Box 9 as they did not include assets purchased the 2016 / 17 financial year.*

Period of Exercise of Public Rights

Start Date *2nd July 2018*

End Date *10th August 2018*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 14/05/2018, within the required timescale. The first item of business was not the Election of Chairman, which it should have been in accordance with Standing Orders.
- There are no additional comments/recommendations to make in relation to this audit.



Dave Crimmin PSLCC

Heelis & Lodge

15th May 2019