

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Marlesford 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: £6,929

Expenditure: £3,172

Reserves: £10,316

AGAR 2021 / 2022 Completion:

Section One: Not presented

Section Two: Yes in pencil not signed

Annual Internal Audit Report 2021 / 22: Yes

Certificate of Exemption: Not presented (pages of AGAR are Form 2 so presume Exemption is being sought).

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.

The cashbook is referenced providing an audit trail. Supporting paperwork is in place and 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: 27th August 2021 (Ref: 11)
Financial Regulations in place: Yes
Reviewed: 27th August 2021 (Ref: 11)

VAT reclaimed during the year: No Registered: No

General Power of Competence: No

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

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 – ZA540955 Expiry 06/08/2022

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, including Internal Controls, were reviewed at a meeting held on 25th February 2022 (Ref: 6).

The Council have effective internal financial controls in place. Cheque stubbs 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: £25,000

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: Yes

Website: www.marlesford.suffolk.cloud

- a) all items of expenditure above £100
Published – Yes
- b) annual governance statement (By 1 July)
2021 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2021 Annual Return, Section Two Published – Yes
- d) internal audit report (By 1 July)
2021 Annual Return, Section Four Published – Yes
- e) list of councillor or member responsibilities
Published – Yes
- f) the details of public land and building assets (By 1 July)
Published – Yes
- g) minutes, agendas and meeting papers of formal meetings
Published – Yes

The Council have met the requirements of the Transparency Code for smaller councils.

Under **The Local Audit (Smaller Authorities) Regulations 2015 9(6 & 7)** a smaller council having certified itself as an Exempt Authority must publish on their website:

Certificate of Exemption

Certificate of Exemption Published - Yes

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 11th August 2021

Budgetary controls

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

Precept: £4,500 (2021 / 2022)

Date: 10th January 2021 (Ref: 7d)

Precept: £4,700 (2022 / 2023)

Date: 29th November 2021 (Ref: 6g)

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

A receipt of £0.02 is missing from the cashbook for the Savings Account. As the statement is not in the Audit file, it is assumed that this is the interest payment for March 2022.

The remaining Income controls were checked and income received and banked cross-referenced with the Cash Book and bank statements.

Recommendation (1): *The cashbook should be updated.*

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 – SALC Payroll Service

Employer PAYE Reference: 120/HB82818

P60's issued: Not provided in Audit file.

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. The Council have joined the LGPS / NEST pension scheme.

Recommendation (2): *Copy of P60 to be maintained in Audit File as part of year-end process.*

It is noted that the Council undertook a review of salaries at a meeting held on 29th November 2021 (Ref: 6c).

Asset control

Inspection of asset register and checks on existence of assets
Cross-checking on insurance cover

A separate asset register was not present in Audit file. The total value of assets as recorded in Section 2, Box 9 of the AGAR was £500.00

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

All were in order. Bank Reconciliation was carried out at year-end. The bank statements did not reconcile with the end of year accounts by the £0.02p identified in Income Controls.

Reconciled Bank Balances as at 29th March 2022 were confirmed as:

<i>Barclays Community</i>	<i>£10,003.24</i>
<i>Barclays Savings</i>	<i>£ 839.65</i>

Recommendation (3): *Use the bank balance as at the 31st March 2022 for the reconciliation.*

Reserves

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

The Council have adequate general reserves (£10,315.66).

Recommendation (4): *The council should review whether Earmarked reserves need to be established.*

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.