

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Welney Parish Council – 2020/2021

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

Income: £16,743 Expenditure: £22,848 Reserves: £16,824

AGAR 2020 / 2021 Completion:

Section One: **No blank**

Section Two: **Yes signed by RFO**

Annual Internal Audit Report 2020 / 21: **Yes**

Certificate of Exemption: **Yes signed by RFO**

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

No cashbook has been maintained for the year of Audit. The Audit file contained Bank Statements for the year but Receipts and Invoices were only presented for January to March 2021. The bank reconciliation presented showed the balances for the three bank accounts as at the 31st March 2021. It is not clear from the documentation provided whether a separate cashbook system has been maintained for the Sole Trustee.

Recommendation (1): A cashbook for the parish council must be maintained for the year of Audit as it the basis of all other controls and reconciliations.

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: **4th August 2020 (Ref: 11b) & 2nd March 2021 (Ref: 15/21)**
Financial Regulations in place: **Yes**
Reviewed: **20th August 2020 (Ref: 5)**

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.

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: No

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 at the meeting on 20th August 2020 (Ref: 6). There was no evidence in the minutes that the Internal Controls had been reviewed during the year of audit.

Recommendation(3): *To ensure the annual review of the Internal Controls is carried out during the year of audit.*

Fidelity Cover: £150,000

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/Yes](#)

Website: www.welney.norfolkparishes.gov.uk

- a) all items of expenditure above £100
Published – Yes
- b) annual governance statement (By 1 July)
2020 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2020 Annual Return, Section Two Published – Yes
- d) internal audit report (By 1 July)
2020 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:

- h) Certificate of Exemption
Certificate of Exemption Published - Yes

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

- i) notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Start Date 28th August 2020

End Date 9th October 2020

Budgetary controls	<p>Verifying the budgetary process with reference to council minutes and supporting documents</p> <p>Precept: £16,573 (2020 / 2021) Date: 14th January 2020 (Ref: 7f) Precept: £28,152 (2021 / 2022) Date: 25th January 2021 (Ref: 4.21)</p> <p><i>The precept was agreed in full council and the precept decision and amount has been clearly minuted for 2021 / 2022.</i></p>
Income controls	<p>Precept and other income, including credit control mechanisms</p> <p><i>Unable to check as no cashbook maintained and not all receipts present.</i></p>
Petty Cash	<p>Associated books and established system in place</p> <p><i>No Petty Cash held.</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 - Stevenson Smart Employer PAYE Reference: 120/MB82990</p> <p><i>Payroll is outsourced. Some paperwork is in place and a P60 has been produced as part of the year end process. The Council has not joined the LGPS / NEST pension scheme.</i></p> <p><i>The appointment of a new Clerk was made on 7th July 2020 (Ref: 6) and 12th January 2021 (Ref: 1).</i></p>

Asset control

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

Assets are listed on the website with no values. There is no evidence that there is a separate asset register in place or that the councillors reviewed one during the year of Audit. The figure in Section 2, Box 9 of the AGAR is left blank. Over £300,000 of insurance in relation to Property Insured is covered in the council's policy.

Recommendation (4): *That an Asset Register be maintained by the council and cross referred to the council's insurance.*

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

The bank reconciliation presented only showed the balances of the bank accounts as at 31st March 2021 it did not reconcile with a cashbook.

Bank Balances as at the 31st March 2021 were confirmed as:

<i>Barclays Premium ****1556</i>	<i>£ 3,545.49</i>
<i>Barclays Premium ****6267</i>	<i>£10,895.86</i>
<i>Barclays Community ****2,382.71</i>	<i>£ 2,382.71</i>

Recommendation (5): *Produce a bank reconciliation in line with the requirements of the External Auditor.*

Reserves

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

The Council have adequate general reserves (£16,824).

Recommendation (6): *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.

No end of year accounts were prepared as part of the papers presented for the Internal Audit.

Recommendation (7): *End of Year accounts should be prepared as part of the year-end process and be presented for Audit.*

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is a Trustee of the Welney Playing Field Charity – Number 1035795

The last annual submission of the accounts was for the year ending 31st March 2020 on the 7th August 2020.

Recommendation (8): *The council to review its operation of the Charity to ensure it is in compliance with the JPAG - Governance and Accountability for Smaller Authorities in England – March 2020. Sections 1.41, 1.42 and 2.30 of this explain how a Parish Council should manage the affairs of a Sole Trustee and "that the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of the AGAR".*

Internal Audit Procedures

The 2019 / 2020 Internal Audit report was considered by the Council at a meeting held on 20th August 2020 (Ref: 4a)

A review of the effectiveness of the Internal Audit was not carried out during the year of Audit.

Recommendation (9): *It is a requirement to review the effectiveness of the internal audit during the year of accounts.*

Heelis & Lodge were appointed as Internal Auditor at a meeting held during the year of Audit.

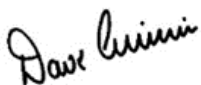
Recommendation (10): *It is a requirement to appoint the Internal Auditor and record the decision in the minutes of the meeting.*

External Audit

The Council declared themselves Exempt from External audit for the 2019 / 2020 financial year at the meeting on 20th August 2020 (Ref: 4b)

Additional Comments/Recommendations

- Due to the Coronavirus pandemic, the requirement to hold the Annual Parish / Town Council meeting was removed until May 2021.
- 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



Dave Crimmin PSLCC
Heelis & Lodge
11th May 2021

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INVOICE

To:

Welney Parish Council
Council Office
William Marshall Centre
Hurn Drove
Welney
Wisbech
PE14 9SD

Invoice No: HLD2020

Date: 11th May 2021

Details	Quantity	Amount (£)	Total (£)
To carry out Year-end Internal Audit for Welney Parish Council for the year ended 31 March 2021.	1	140.00	140.00
Total			140.00

Please make cheques payable to: Heelis & Lodge

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

Terms – 30 days

Thank you.

HEELIS&LODGE

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