

Annual Internal Audit Report 2018/19

MELTON PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ No g/c held!
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. (<i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>)			✓
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable ✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

10/06/2019

DD/MM/YY

DD/MM/YY

Name of person who carried out the internal audit

H. HEELIS (on behalf of Heelis & Lodge)

Signature of person who carried out the internal audit



Date

10/06/2019

*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Melton 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: £526,747 Expenditure: £539,673 Reserves: £157,188

AGAR Completion:

Section One: Yes – signed 8/5/2019 (Ref: 19.43.02)

Section Two: Yes – draft figures to be signed

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

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: 28/11/2018 (Ref: 18.121.07) and 13/3/2019 (Ref: 19.24.05)
Financial Regulations in place: Yes
Reviewed: 13/3/2019 (Ref: 19.24.04)

VAT reclaimed during the year: Yes- quarterly returns
Registered: Yes (104 561 209)

General Power of Competence: No

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Lynne Lodge Dip HE Local Policy

Standing Orders have been updated to reflect the new Data Protection legislation which came into force on 25 May 2018. Terms of Reference are in place for Committees and Working Groups.

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 (No: Z705272X)

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. The Council have considered the risks associated with the new Data Protection Regulations.

Privacy Policy published: *Yes – published on website*

Insurance was in place for the year of audit and was reviewed at a meeting held on 26/9/2018 (Ref: 18.96.04). The Risk Assessment is reviewed on a monthly basis and is a reactive document which identifies risks as and when they arise, resulting in an effective risk management system. Internal Controls were reviewed at a meeting held on 13/3/2019 (Ref: 19.24.06).

A review of risks is a standard agenda item at full Council meetings.

The Annual Tree Safety Inspection was undertaken and the findings reported to the Recreation Committee (Ref: 25/4/2018 – item 18.29.01) and matters arising from the report addressed.

The Annual Play Inspection was undertaken and the report considered by the Recreation Committee at a meeting held on 12/9/2018 (Ref: 18.56.01). Matters arising from the report were addressed.

Bank signatories were confirmed at a meeting held on 30/5/2018 (Ref: 18.52.04).

The Council considered their banking arrangements at a meeting held on 28/11/2018 (Ref: 18.121.06). It was resolved to set up a new bank account with Lloyds.

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.

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Fidelity Cover: £250,000

The level of Fidelity cover is within 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.melton-suffolk-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.

Budgetary controls

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

Precept: £77,998.27 (2019-2020)

Date: 9/1/2019 (Ref: 19.07.03)

Precept: £73,366.30 (2018-2019)

Date: 10/1/2017 (Ref: 18.07.03)

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.

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

The Council continue to operate RTI in accordance with HMRC regulations. It is noted that the Council undertook a review of salaries at a meeting held on 11/7/2018 (Ref: 18.23.03). Staff appraisals have been undertaken (Ref: 10/10/2018 – item 18.44).

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Asset control

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

A separate asset register is in place and was reviewed at a meeting held on 13/3/2019 (Ref: 19.24.07). Values are recorded at cost value as confirmed by resolution at a meeting held on 30/5/2018 (Ref: 18.52.05). The total value of assets are recorded at £769,520.59. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR. It is noted that the significant increase in the value of assets is due to the purchase of Parish Council premises amounting to £429,520.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

Bank Reconciliations are carried out monthly and were examined. All were found to be in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

Bank Balances at 31/3/2019 were confirmed as:

<i>Barclays</i>	<i>xxxx9758</i>	<i>£96,522.19</i>
<i>Barclays</i>	<i>xxxx4733</i>	<i>£11,580.10</i>
<i>IBS</i>		<i>£50,309.59 (November 2018)</i>

Reserves

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

The Council have adequate general reserves (£69,855) and have identified earmarked reserves (£87,333) 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 2018 Internal Audit report was considered by the Council at a meeting held on 30/5/2018 (Ref: 18.52.01) and 27/6/2019 (Ref: 18.72.06).

A review of the effectiveness of the Internal Audit was carried out as part of the review of Internal Controls.

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External Audit

The External Auditor's report was considered at a meeting held on 28/11/2018 (Ref: 18.121.02).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 30/5/2018, 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 his assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
10 June 2019

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