

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Letheringham Parish Council – 2023/2024

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2023. The following recommendations/comments have been made:

Income: £1,403.23 Expenditure: £1,314.13 Reserves: £8,601.29

AGAR Completion:

Section One: Yes - signed

Section Two: Yes – Signed. NB Boxes 1 – 11.b completed in pencil

Annual Internal Audit Report 2023/2024: Yes

Certificate of Exemption: Yes

Section 2, Boxes 1-11b have been completed in pencil. These should be in permanent ink prior to the Council signing off the accounts.

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. There were no LGAs137 payments during the year.

The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.

It is noted that there was no standing Council for the financial year 2022-2023 and therefore no payments made.

The Council resolved not to use online banking at a meeting held on 26/6/2023 (Ref: 2023.31.04).

It is noted that there were no cheques written between 10/5/2021 to 21/5/2023. This aligns with the period when the Council was inactive.

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: 27/11/2023 (Ref: 2023.41.02)

Financial Regulations in place: Yes

Reviewed: 27/11/2023 (Ref: 2023.41.01)

VAT reclaimed during the year: Yes Registered: No

There have been no payments made since 10/5/2021 and therefore no VAT claims have been made.

General Power of Competence: No

There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.

The Council adopted the Code of Conduct at a meeting held on 27/11/2023 (Ref: 2023.41.03) and the Freedom of Information Act Policy (Ref: 2023.41.01).

Risk Assessment

Appropriate procedures in place for the activities of the council
Compliance with Data Protection regulations

Risk Assessment document in place: No

Data Protection registration: No

The Council are not required to register with the ICO (Ref: 22/1/2024 - 2024.08.05).

Privacy Policy published: No

Recommendation: *The Council, under the General Data Protection Act, should publish a Privacy Notice on its website.*

Insurance was in place for the year of audit. There was no evidence that the Risk Assessment or Internal Control had been reviewed during the year of audit. This has been acknowledged on the 2023-2204 AGAR where the Council have ticked 'No' to assertion 5. It is noted in the 6/5/2024 meeting that an Internal Control Statement is being prepared for adoption.

Recommendation: *To review and adopt a Risk Assessment and Internal Control Statement.*

The Council have poor internal financial controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

The Council reviewed and approved the bank mandate on 27/11/2023 (Ref: 2023.40.11) and 22/5/2023.09.5).

It is noted that the Council have appointed a Councillor to undertake twice yearly examinations of the Council's accounts (Ref: 6/5/2024 – 2024.32.05).

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: <https://letheringham.onesuffolk.net/>

- a) all items of expenditure above £100
Published – Yes – contained within the minutes
- b) annual governance statement (By 1 July)
2023 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2023 Annual Return, Section Two Published – Yes
- d) internal audit report (By 1 July)
2023 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 – n/a
- 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** councils must publish on their website:

Notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Publish Date: 30/6/2023 Start Date: 3/7/2023 End Date: 14/7/2023

The Notice has been published on the website, however the dates do not provide 30 working days for the inspection period. I believe the end date is a typo and should have read 14/8/2023. The error is also contained within the minutes of 26/6/2023 (Ref: 26/6/2023 – 2023.30.07).

(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.

Recommendation: *To ensure the inspection period is 30 working days.*

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGARs for the five years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 on their website.

The Council have met the publication requirements.

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £1,200 (2023-2024) Date: Automatic payment by ESC
Precept: £2,000 (2024-2025) Date: 22/1/2024 (Ref: 2024.10.02)

Satisfactory budgetary procedures are in place. The 2024-2025 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.

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	<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: No</p> <p><i>There were no employees during the year of audit. Payroll is outsourced from May 2024.</i></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 with a review being undertaken at a meeting held on 26/6/2023 (Ref: 2023.24.06). Values are recorded at cost value. The total value of assets are recorded at £5,285. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i></p>						
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>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.</i></p> <p><i>Bank Balances at 31 March were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Barclays Savings</i></td> <td><i>xxxx1431</i></td> <td><i>£272.26</i></td> </tr> <tr> <td><i>Barclays Current</i></td> <td><i>xxxx1423</i></td> <td><i>£8,569.78</i></td> </tr> </table>	<i>Barclays Savings</i>	<i>xxxx1431</i>	<i>£272.26</i>	<i>Barclays Current</i>	<i>xxxx1423</i>	<i>£8,569.78</i>
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<i>Barclays Current</i>	<i>xxxx1423</i>	<i>£8,569.78</i>					
Reserves	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p><i>The Council have adequate general reserves £2,226 and have identified earmarked reserves of £6,375 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 not a sole trustee.</i></p>						
Internal Audit Procedures	<p><i>The Council did not have Internal Audits undertaken for the years 2020-2021, 2021-2022 and 2022-2023 (Ref: 27/11/2023 – 2023.40.09).</i></p>						

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 26/6/2023 (Ref: 2023.27) and 6/5/2024 (Ref: 2024.34.03).

External Audit

The Council formally approved the outstanding AGARS as follows:

2023 AGAR - 26/6/2023 (Ref: 2023.30.02)

2023 Certificate of Exemption - 26/6/2023 (Ref: 2023.30.01)

2022 AGAR - 26/6/2023 (Ref: 2023.29.02 & 2023.29.03)

2023 Certificate of Exemption - 26/6/2023 (Ref: 2023.29.01)

2021 AGAR – 26/6/2023 (Ref: 2023.28.02 & 2023.28.03)

2023 Certificate of Exemption - 26/6/2023 (Ref: 2023.29.01)

The Council declared Exemption for 20203-2024 at the annual meeting held on 6/5/2024 (Ref: 2024.34.05).

Additional Comments/Recommendations

- The 2024 Annual Parish Council meeting was held on 6/5/2024. The first item of business was the Election of Chairman, in accordance with Standing Orders. The new Clerk was appointed at item 2024.25.
- The 2023 Annual Parish Council meeting was held on 22/5/2023. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- The Council has undergone significant change in recent years and the significant amount of work to bring the Council, and its accounts and duties, up to date in 2023-2024 to ensure that the Council are in a position to move forward into the 2024-2025 financial year are noted.
- 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 and to Al Besley and the Acting Clerk for their work on bringing the documents and website up to date.



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1 June 2024

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