

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Potter Heigham Parish Council – 2022/2023

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

Income: £29,134.86 Expenditure: £33,869.72 Reserves: 26,336.89

AGAR Completion:

Section One: **No**

Section Two: **Yes – draft figures**

Annual Internal Audit Report 2022/2023: **Yes**

Certificate of Exemption: **No (2022-2023) Yes (2021-2022)**

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: **8/2/2023 (Ref: 6)**

Financial Regulations in place: **Yes**

Reviewed: **8/3/2023 (Ref: 6.a)**

VAT reclaimed during the year: **Yes (2021-2022 - £624.84)**

Registered: **Yes**

General Power of Competence: **No**

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

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The Council reviewed and approved their Grievance Policy and Procedure (Ref: 8/3/2023 – 6.e).

The Council have signed up to the Civility and Respect Pledge (Ref: 9/11/2023 – 10.c).

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 (Ref: ZA333889)**

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 was reviewed at a meeting held on 8/3/2023 (Ref: 6.b). Internal Controls were reviewed on 8/3/2023 (Ref: 6.c).

The Council have effective 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.

Fidelity Cover: **£100,000**

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.

The council reviewed bank signatories on 8/6/2022 (Ref: 11).

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 (2021-2022)**

Website: <https://potterheighamparishcouncil.norfolkparishes.gov.uk/>

- a) all items of expenditure above £100
Published – Yes
- b) annual governance statement (By 1 July)
2022 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2022 Annual Return, Section Two Published – Yes

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- d) internal audit report (By 1 July)
2022 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** 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 **13/6/2022** End Date **22/7/2022**

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGAR's for the five years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 on their website.

The Council have met the publication requirements for Box L of the Internal Audit section of the AGAR.

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £16,438.48 (2023-2024)	Date: 11/1/2023 (Ref: 7.c)
	Date: 8/2/2023 (Ref: 7.d)
Precept: £15,000.00 (2022-2023)	Date: 15/12/21 (Ref: 6.1)

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.

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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.</i></p>									
Petty Cash	<p>Associated books and established system in place</p> <p><i>A satisfactory expenses system is in place with supporting paperwork. 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 Employer's Reference: 531/S4075 P60s issued: Yes</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place and a P60 has been produced as part of the year end process.</i></p> <p><i>It is noted that the Council undertook a review of salaries at a meeting held on 8/2/2023 (Ref: 7).</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. Values are recorded at cost value/insurance value. The total value of assets are recorded at £17,810.58. 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>Unity Trust #1</i></td> <td><i>xxxx7720</i></td> <td><i>£11,013.28</i></td> </tr> <tr> <td><i>Unity Trust #2</i></td> <td><i>xxxx7717</i></td> <td><i>£2,465.09</i></td> </tr> <tr> <td><i>Cambridge & Counties</i></td> <td><i>xxxx2217</i></td> <td><i>£12,858.52</i></td> </tr> </table>	<i>Unity Trust #1</i>	<i>xxxx7720</i>	<i>£11,013.28</i>	<i>Unity Trust #2</i>	<i>xxxx7717</i>	<i>£2,465.09</i>	<i>Cambridge & Counties</i>	<i>xxxx2217</i>	<i>£12,858.52</i>
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Reserves

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

The Council have adequate general reserves (£6,653.64) and have identified earmarked reserves (£20,683.25) 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 a Receipts & Payments basis.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2022 Internal Audit report was considered by the Council at a meeting held on 8/6/2022 (Ref: 14.c).

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

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 12/10/2022 (Ref: 8.f).

External Audit

The Council formally approved the 2022 AGAR at a meeting of the full Council held on 8/6/2022 (Ref: 14).

The Council declared themselves Exempt from External audit for the 2021-2022 financial year.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 20/5/2022. 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 their assistance during the course of the audit work and quality of documentation presented for the audit.



Heather Heelis
Heelis & Lodge
9 June 2023

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