

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Broomfield Parish Council – 2019/2020

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

Income: £282,299 Expenditure: £223,659 Reserves: £325,824

AGAR Completion:

Section One: [No – draft figures available](#)

Section Two: [No – draft figures available](#)

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 Council use the Omega accounting software.

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: [7/5/2019 \(Ref: 19/163\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [7/5/2019 \(Ref: 19/163\)](#)

VAT reclaimed during the year: [Yes \(April – September 2019\)](#)

Registered: [No](#)

General Power of Competence: [No](#)

Tenders exceeding the £25,000 threshold have been advertised on the Contract Finders website.

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Committee Terms of Reference were approved at the Annual Parish Council meeting held on 7/5/2019 (Ref: 19/161).

The Council has a robust set of policies, which were reviewed and adopted at a meeting held on 7/5/2019 (Ref: 19/164).

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

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: *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, including Internal Controls were reviewed at a meeting held on 17/4/2019 (Ref: 19/142)

The Council have good 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.

The annual play area inspection has been undertaken.

Fidelity Cover: £250,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept (£400,000).

Recommendation: *to review the level of Fidelity cover.*

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**
Website: www.broomfieldessex.co.uk

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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.

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

- h) external audit report
2019 Annual Return, Section Three Published – Yes (interim report)

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

- i) notice of period for the exercise of public rights (2018-2019)
Published – Yes

Period of Exercise of Public Rights

Start Date **17/6/2019**

End Date **26/7/2019**

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £131,014 (2019-2020)

Date: 19/12/2018 (Ref: 18/126)

Precept: £139,316 (2020-2021)

Date: 18/12/2019 (Ref: 19/249)

Satisfactory 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

No petty cash is held. The Council hold a debit card which is used for minor purchases.

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**

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The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. The Council operate the NEST pension scheme.

Asset control

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

A separate asset register is in place. Values are recorded at cost value/insurance value. The total value of assets are recorded at £174,303. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

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.

Bank Balances at 31/3/2020 were confirmed as:

Co-op Current Account £162,093.30

NS&I Deposit Account £125,690.00

Reserves

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

The Council have adequate general reserves (£141,282) and have identified earmarked reserves (£184,542) 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 a sole trustee of the Broomfield Village Hall Charity (Registered Number: 301266). The 2018-2019 year end accounts were submitted to the Charity Commission on 4/10/2019. Income for the year is recorded as £87,023 and expenditure £77,933.

Internal Audit Procedures

The 2019 Internal Audit report was considered by the Council at a meeting held on 21/8/2019 (Ref: 19/183).

External Audit

There is no evidence that the 2018-2019 External Auditor's report was considered at a meeting of the Council.

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The following matters were brought to the attention of the Council:

'The responses given in Section 1, Box 9 and Section 2, Box 11 are not consistent. The smaller authority has confirmed that Box 11 should have been ticked Yes'

Section 2, Box 10 is inconsistent with the balance published by the PWLB. The figure in Box 10 should read £49,349'

Action Required: *To ensure that Box 10 (2019) in the 2020 AGAR reads £49,349.*

Recommendation: *To ensure that the External Auditor's report is considered at a Council meeting and any matters arising from the report considered by the Council.*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 7/5/2019, within the required timescale. The first item of business following the signing of the Declaration of Office was the Election of Chairman, in accordance with Standing Orders.
- The Council should ensure that all minutes are signed and dated and that all loose leaf pages are initialled by the presiding Chairman in accordance with legislation.
- 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
4 December 2020

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INVOICE

To:

Broomfield Parish Council
Broomfield Village Hall
158 Main Road
Broomfield
Essex
CM1 7AH

Invoice No: HL9133

Date: 4 December 2020

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for the year ended 31 March 2020	1	350.00	350.00
Total			350.00

Please make cheques payable to: Heelis & Lodge

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

Terms – 30 days

Thank you.

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