

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Broomfield Parish Council – 2021/2022**

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

Income: £148,533    Expenditure: £229,175    Reserves: £250,042

### AGAR Completion:

Section One: **No**

Section Two: **Yes – draft figures**

Annual Internal Audit Report 2020/2021: **Yes**

Certificate of Exemption: **No**

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

*The Council hold the General Power of Competence and LGAs137 does not apply.*

*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: **5/5/2021 (Ref: 21/107)**

Financial Regulations in place: **Yes**

Reviewed: **5/5/2021 (Ref: 21/108) and 2/6/2021 (Ref: FIN21/15)**

VAT reclaimed during the year: **Yes**

Registered: **No**

Submission Date: **25/5/2022**

Amount: **£6,555.92**

Submission Date: **23/2/2022**

Amount: **£1,481.44**

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Submission Date: 25/11/2021  
Amount: £1,665.95

Submission Date: 4/8/2021  
Amount: £10,242.14

General Power of Competence: Yes (adopted 29/6/2021 – item 21/137).

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

*Committee Terms of Reference were reviewed and approved at a meeting held on 5/5/2021 (Ref: 21/105).*

*The following policies were reviewed and approved at a meeting held on 19/1/2022 (Ref: 21/285.1 – 21/285.3):*

- *Volunteers*
- *Lone Working*
- *Safeguarding*

*The Council adopted their Investment Policy at a meeting held on 28/7/2021 (Ref: 21/160).*

## **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: Z2217969)

### ***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 were reviewed at a meeting held on 29/6/2021 (Ref: 21/127). Internal Controls were reviewed at a meeting held on 29/6/2021 (Ref: 21/128).*

*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.*

*The annual play area inspection has been undertaken during the year (Ref: 29/7/2021 – item VA21/115.a).*

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Fidelity Cover: £400,000

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

*Following the recommendation in the 2021 Internal Audit report, the Council resolved to increase the level of Fidelity cover to £400,000 in line with the recommended guidelines.*

## 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](http://www.broomfieldessex.co.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.*

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

External audit report

*2021 Annual Return, Section One Published – Yes*

*2021 Annual Return, Section Two Published – Yes*

*2021 Annual Return, Section Three 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 25/6/2021

End Date 5/8/2021

*The Council have met the 2021 AGAR publication requirements.*

## Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £139,500 (2021-2022)

Date: 16/12/2020 (Ref: 20/172)

Precept: £159,360 (2022-2023)

Date: 24/11/2021 (Ref: FIN/44)

15/12/2021 (Ref: 21/260.2)

*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.*

#### **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**  
Employer's Reference: **083/CH883**  
P60s issued: **Yes**

*The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and P60s have been produced as part of the year end process. Eligible employees have joined the Local Government pension scheme.*

*It is noted that the Council undertook a review of contracts at a meeting held on 25/8/2021 (Ref: FIN21/31).*

#### **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 £203,354.78. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR. A review of assets was undertaken at a meeting held on 5/5/2021 (Ref: 21/111).*

#### **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 March were confirmed as:*

<i>Co-op Current</i>	<i>xxxx8587</i>	<i>CLOSED</i>
<i>NS&amp;I</i>	<i>xxxx9402</i>	<i>£136,607.56</i>
<i>Unity Trust</i>	<i>xxxx7863</i>	<i>£37,858.53</i>
<i>CCLA</i>	<i>xxxx01PC</i>	<i>£100,000.00</i>

## **Reserves**

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

*The Council have adequate general reserves and have identified earmarked reserves 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. The Trail Balance agreed.*

## **Sole Trustee**

The Council has met its responsibilities as a trustee

*The Council is a Trustee of the Broomfield Village Hall Charity (Reg. No: 301266).*

*The last annual submission of the accounts was made on time for the year ended 31/3/2021. Income £114,685 Expenditure £101,843.*

## **Internal Audit Procedures**

*The 2021 Internal Audit report was considered by the Council at a meeting held on 20/10/2021 (Ref: 21/231) and 29/6/2021 (Ref: 21/130).*

*A review of the effectiveness of the Internal Audit was carried out as part of the Internal Controls review which took place at a meeting held on 29/6/2021 (Ref: 21/128).*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 16/2/2022 (Ref: 21/304).*

## **External Audit**

*The Council formally approved the 2021 AGAR at a meeting of the full Council held on 29/6/2021 (Ref: 21/129).*

*The External Auditor's report was considered at a meeting held on 20/10/2021 (Ref: 21/227).*

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

Other matters not affecting our opinion which we draw to the attention of the authority:

The smaller authority has confirmed that it has not complied with the governance assertion in Section 1, Box 5, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.

In the completion of the Annual Internal Audit Report, the internal auditor has drawn attention to significant weaknesses in relation to no review of risk assessment during 2020/21. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

*The above matters have been addressed and no further action is required.*

### **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 5/5/2021. 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**  
30 May 2022

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## INVOICE

**To:**

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

Invoice No: HL9256

Date: 30 May 2022

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for the year ended 31 March 2022	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.

**HEELIS&LODGE**

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