

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Gillingham 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: £14,229                      Expenditure: £20,601                      Reserves: £19,651.54

#### AGAR 2022 / 2023 Completion:

Section One: **No**

Section Two: **Yes unsigned**

Annual Internal Audit Report 2022 / 23: **Yes**

Certificate of Exemption: **Yes signed**

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

*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: **6<sup>th</sup> September 2022 (Ref: 12).**

Financial Regulations in place:                      **Yes**

Reviewed: **6<sup>th</sup> September 2022 (Ref: 12).**

VAT reclaimed during the year:                      **Yes**

Registered: **No**

General Power of Competence: Yes adopted on 3<sup>rd</sup> May 2022 (Ref: 3)

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

***Recommendation (1): To update Standing Orders to incorporate reference to the Public Contracts Regulations 2015.***

## 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 - ZB332331 Expiry 09/05/2023

### **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 6<sup>th</sup> September 2022 (Ref: 12) and 7<sup>th</sup> February 2023 (Ref: 9). Internal Controls were reviewed at a meeting held on 6<sup>th</sup> September 2022 (Ref: 12) and 7<sup>th</sup> February 2023 (Ref: 9).*

*The Council have good 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 on 3<sup>d</sup> May 2022 (Ref: 9).*

Fidelity Cover: £250,000

*The insurance schedule states that 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: **No**

Website: [www.gillingham-pc.norfolkparishes.gov.uk](http://www.gillingham-pc.norfolkparishes.gov.uk)

*The Council is not subject to the requirements of the Transparency Code for smaller Councils.*

Under **The Accounts & Audit Regulations 2015 13(1a&b)** councils must publish on their website:

Statement of Accounts, External Audit report and Annual Governance statement.

*2022 Annual Return, Section One Published – Yes*

*2022 Annual Return, Section Two Published – Yes*

*2022 Annual Return, Section Three Published – Yes*

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** a council is 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 has complied with this requirement.

Under **The Accounts & Audit Regulations 2015 15(2b)** 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 20<sup>th</sup> June 2022

End Date 29<sup>th</sup> July 2022

## Budgetary controls

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

Precept: £ 8,700 (2022 / 2023) Date: December 2021 (Ref: Finance)

Precept: £11,481(2023 / 2024) Date: 10<sup>th</sup> January 2022 (Ref: 13)

*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.*

|                            |  |                         |  |                 |                   |
|----------------------------|--|-------------------------|--|-----------------|-------------------|
| <b>Income controls</b>     | <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>   |                         |  |                 |                   |
| <b>Petty Cash</b>          | <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>  |                         |  |                 |                   |
| <b>Payroll controls</b>    | <p>PAYE and NIC in place where necessary.<br/> Compliance with Inland Revenue procedures<br/> Records relating to contracts of employment</p> <p>PAYE System in place: <b>Yes – PAYE Tools</b><br/> Employer PAYE Reference: 120/FA57009<br/> P60's issued: Yes</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and a P60 has been produced as part of the year-end process. The Council has not joined the LGPS / NEST pension scheme.</i></p> <p><i>It is noted that the Council undertook a review of salaries at a meeting held on 6<sup>th</sup> December 2022 (Ref: 13) and 7<sup>th</sup> March 2023 (ref: 13).</i></p>   |                         |  |                 |                   |
| <b>Asset control</b>       | <p>Inspection of asset register and checks on existence of assets<br/> Cross-checking on insurance cover</p> <p><i>A separate asset register is in place. Values are recorded at cost value. The total value of assets is recorded at £96,107. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i></p>   |                         |  |                 |                   |
| <b>Bank Reconciliation</b> | <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>Reconciled Bank Balances were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Barclays Current</i></td> <td style="text-align: right;"><i>£19,681.54 as at 31<sup>st</sup> March 2023</i></td> </tr> <tr> <td><i>NS&amp;I</i></td> <td style="text-align: right;"><i>£ 106.53 *</i></td> </tr> </table> <ul style="list-style-type: none"> <li><i>• No evidence was provided in the Audit file for this account.</i></li> </ul> <p><i>New bank signatories were agreed at meeting on 5<sup>th</sup> July 2022 (Ref: 6). It was not clear from the minutes in what capacity the Clerk was added to the mandate.</i></p> | <i>Barclays Current</i> | <i>£19,681.54 as at 31<sup>st</sup> March 2023</i> | <i>NS&amp;I</i> | <i>£ 106.53 *</i> |
| <i>Barclays Current</i>    | <i>£19,681.54 as at 31<sup>st</sup> March 2023</i>   |                         |  |                 |                   |
| <i>NS&amp;I</i>            | <i>£ 106.53 *</i>  |                         |  |                 |                   |

## Reserves

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

*The Council have inadequate general reserves.*

**Recommendation (2):** *The council to develop a Reserves Policy in order to ensure that the correct balance of General, Earmarked and CIL reserves are maintained.*

## 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 is 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 7<sup>th</sup> June 2022 (Ref: 14)*

**Recommendation (3):** *When applicable, the council's itemised response to the Internal Audit recommendations should be contained in the minutes of the meeting.*

*A review of the effectiveness of the Internal Audit was carried out on 6<sup>th</sup> September 2022 (Ref: 12).*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 6<sup>th</sup> September 2022 (Ref: 12).*

## External Audit

*The Council formally approved the 2022 AGAR at a meeting of the full Council held on 7<sup>th</sup> June 2022 (Ref: 15, 16 & 17)*

*The External Auditor's report was considered at a meeting held on 4<sup>th</sup> October 2022 (Ref: 10)*

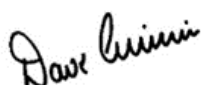
*The following matters were brought to the attention of the Council:*

Information has come to our attention from the internal auditor highlighting the fact that Sections 1 & 2 of the 2020/21 AGAR were not published on the authority's website by the dates specified in the Accounts and Audit Regulations 2015. The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR: • Information received from the smaller authority indicates that assets disposed and purchased during the year have not been correctly included in Section 2, Box 9. The Box 9 figure for 2021/22 should read £80,612

In the prior year, the smaller authority was exempt from our review, thus we have not reviewed any evidence to support the prior year comparatives on the AGAR. We note that Section 1, Box 9 in respect of trust funds has been left blank, the smaller authority has confirmed that it does not act as sole managing trustee for trust funds, and thus the response should have been 'N/A'. The smaller authority should ensure the AGAR is fully completed in future. Information has come to our attention indicating that the smaller authority has not published explanations for the 'No' responses given in respect of Assertions 1,2,4,6,7 on the Annual Governance Statement. Accordingly, the smaller authority must disclose this by responding 'No' to Assertion 3 of the Annual Governance Statement for 2022/23 and publish the reason for that 'No' response on its website when the 2022/23 AGAR is published. In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to significant weaknesses in relation to internal control objectives B,D,H,K,L,M,N. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner

### **Additional Comments/Recommendations**

- The Annual Parish meeting was held on 3<sup>rd</sup> May 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 the quality of documentation presented in the Audit File.



**Dave Crimmin PSLCC**  
**Heelis & Lodge**

28<sup>th</sup> April 2023

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# HEELIS&LODGE

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## INVOICE

**To:**

Gillingham Parish Council  
33 Tudor Roase Way  
Harleston  
Norfolk  
IP20 9QH

Invoice No: HLD2218

Date: 28<sup>th</sup> April 2023

| Details  | Quantity | Amount (£) | Total (£) |
|--|----------|------------|-----------|
| To carry out Year-end Internal Audit for Gillingham Parish Council for the year ended 31 March 2023. | 1        | 170.00     | 170.00    |
| Pick-up and return courier service   | 1        | 13.33      | 13.33     |
| Total  |          |            | 183.33    |

**Please make cheques payable to: Heelis & Lodge**

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

**Terms – 14 days**

Thank you.

**HEELIS&LODGE**

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