

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Hermitage 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: £91,799.23 Expenditure: £73,601.40 Reserves: £225,011.99

AGAR Completion:

Section One: [Yes - unsigned](#)

Section Two: [Yes - unsigned](#)

Annual Internal Audit Report 2023/2024: [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. 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.

Recommendation: *The Council should identify the power used to donations in the minutes eg LGAs137 to purchase a poppy wreath.*

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: [16/5/2023 \(Ref: 03.05.23\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [16/5/2023 \(Ref: 04.05.23\)](#)

VAT reclaimed during the year: [Yes \(£15,307.98\)](#)

Registered: [No](#)

Contact details : 1 Hembling Terrace, Mill Lane, Suffolk, IP13 0PP

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy FILCM

Lynne Lodge Dip HE Local Policy

General Power of Competence: No

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

The Council reviewed the following policies during the year of audit:

Information and Data Protection – 30/3/2024 (Ref: 13.1)

15/2/2024 (Ref: 13.02.24)

- *Code of Conduct*
- *Disaster Recovery Plan*
- *Information and Data Protection*
- *General Privacy Notice*

22/11/2023 (Ref: 13.11.23)

- *Anti-bullying and harassment*
- *Investments and Fraud*
- *Freedom of Information*

Complaints Procedure – 21/9/2023 (Ref: 8.7)

Code of Conduct – 17/8/2023 (Ref: 12.3)

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. 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.

It is noted that the Internal Audit report for 2022-2023 reported that the last review of the Risk Assessment Schedule was on 21/5/2020. The 2021-2022 report recommended that this be reviewed in May 2023 and the 2022-2023 report dated 12/6/2023 recommended that the review was undertaken as soon as possible. The Risk Assessment, including Internal Controls, was reviewed at a meeting held on 17/8/2023 (Ref: 8.6).

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.

Bank signatories were reviewed at a meeting held on 15/2/2024 (Ref: 8.5), 20/7/2023 (Ref: 8.6) and 16/5/2023 (Ref: 8.5).

It was resolved that electronic payments move to 3-person authorisation at a meeting held on 16/5/2023 (Ref: 8.6).

The annual play area inspection has been undertaken during the year (Ref: 19/10/2023 – 11.1).

Fidelity Cover: £500,000

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: No

Website: <https://hermitage.org.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 15** councils must publish on their website:

External audit report

2023 Annual Return, Section One Published – Yes

2023 Annual Return, Section Two Published – Yes

2023 Annual Return, Section Three Published – No

Recommendation: *To publish the signed 2023 AGAR, Section 3 received from the External Auditor.*

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: n/k Start Date: 3/7/2023

End Date: 11/8/2023

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It is noted that whilst the Council advertised the inspection period, the incorrect form was used. The form used was the form Councils over £25,000 use to notify the External Auditor of their inspection period.

Recommendation: *The Council should use the correct form for the 2023-2024 Notice of Exercise of Public Rights.*

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 not met the publication requirements.

Recommendation: *To publish the past 5 years of AGARs on the Council's website.*

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £62,990 (2024-2025) Date: 18/1/2024 (Ref: 8.6)
Precept: £61,752 (2023-2024) Date: 19/1/2023 (Ref: 8.5)

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. The 2023-2024 budget was considered at a meeting held on 15/12/2022 (Ref: 8.5). 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 a sample of 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: **120/XA56462**

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The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place. Eligible employees have joined the nominated pension scheme.

It is noted that the Council undertook a review of salaries at a meeting held on 16/2/2023 (Ref: 12.02.23), 14/12/2023 (Ref: 8.5) and 22/11/2023 (Ref: 8.5).

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 £253,804. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

It is noted that the asset register includes a £25,000 long term investment held with the CCLA.

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>Newbury BS</i>	<i>xxxx6653</i>	<i>£85,000.00</i>
<i>Metro Current</i>	<i>xxxx7066</i>	<i>£84,461.36</i>
<i>Lloyds Treasurers</i>	<i>xxxx6334</i>	<i>£55,985.41</i>

The Council have £178,600.91 outstanding loans at the year end (confirmed).

Interest is paid gross on interest earning accounts.

Reserves

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

The Council have adequate general reserves (£43,706.43) and have identified Ringfenced Funds of £181,740.34 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 2023 Internal Audit report was considered by the Council at a meeting held on 15/6/2023 (Ref: 8.5) and 20/7/2023 (Ref: 8.5). An Action Plan has been produced addressing the recommendations in the report.

An Internal Audit Plan is in place.

It was resolved to use an online Internal Auditor at a meeting held on 20/3/2024 (Ref: 8.5).

External Audit

The Council formally approved the 2023 AGAR at a meeting of the full Council held on 15/6/2023 (Ref: 8.6).

There is no evidence that the External Auditor's report was considered at a meeting and that consideration minuted. I was unable to find the signed Section 3 on the website or in hard copy format in the audit files.

Recommendation: *To formally consider the External Auditor's report at a meeting and minute the consideration.*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 16/5/2023. 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



Heather Heelis
Heelis & Lodge
1 June 2024

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www.heelisandlodge.co.uk

INVOICE

To:

Hermitage Parish Council
Farm Gate
High Street
Chieveley
RG20 8TA

Invoice No: HL9485
Date 1 June 2024

Details	Quantity	Amount (£)	Total (£)
To carry out Year End Internal Audit for Hermitage Parish Council for the year ended 31 March 2024	1	260.00	260.00
Courier	1	13.00	13.00
Total			273.00

Please make cheques payable to: Heelis & Lodge

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

Terms – 14 days

Thank you.

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