

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Cottenham 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: £3,122,712.62 Expenditure: £791,327.77 Reserves: £2,954,385.97

AGAR Completion:

Section One: **No**

Section Two: **Yes – to be signed**

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 SAGE and year end accounts. SAGE transactions are 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: 19/094)**

Financial Regulations in place: **Yes**

Reviewed: **7/5/2019 (Ref: 19/094) and 1/10/2019 (Ref: 19/200)**

VAT reclaimed during the year: **Yes** Registered: **Yes**

General Power of Competence: **Yes (adopted 2/7/2019 – Ref: 19/138)**

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

Terms of Reference are in place for Committees and were last reviewed at the annual meeting held on 7/5/2019 (Ref: 19/079).

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: ZA235494)

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 7 May 2019 (Ref: 19/094). The review of Internal Controls was delayed due to the Covid-19 pandemic.

The Council have effective internal financial controls in place. Online banking has replaced cheque payments 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.

Bank signatories were reviewed at a meeting held on 3/12/2019 (Ref: 19/257).

Fidelity Cover: £5,000,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept, having been adjusted to incorporate the PWLB loans.

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.cottenhampc.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(15)** councils must publish on their website:

- a) external audit report
2019 Annual Return, Section Three Published – Yes

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

- b) notice of period for the exercise of public rights
Published – Yes, although the link to the document was broken

Recommendation: *to amend the link in order to display the 2019 notice for the exercise of public rights.*

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £288,656 (2019-2020) Date: 8/1/2019 (Ref: 19/009)
Precept: £291,476 (2020-2021) Date: 7/1/2020 (Ref: 20/012)

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**

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and a P60 has been produced as part of the year end process. A sample of payroll records were examined and all were found to be in order.

It is noted that the Council undertook a review of salaries at a meeting held on 5/3/2019 (Ref: 19/047).

Asset control

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

A separate asset register is in place and was reviewed at the annual meeting of the Council held on 7/5/2019 (Ref: 19/094). Values are recorded at cost value/insurance value. The total value of assets are recorded at £1,444,731. 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:

| | | |
|----------------------------|-----------------|-----------------------------------|
| <i>Cambridge BS</i> | <i>xxxx1032</i> | <i>£1,766,332.79 (31/12/2019)</i> |
| <i>Unity Trust</i> | <i>xxxx5738</i> | <i>£99,208.82</i> |
| <i>Unity Trust Deposit</i> | <i>xxxx5754</i> | <i>£157,862.80</i> |
| <i>Unity Trust Project</i> | <i>xxxx3075</i> | <i>£739,247.49</i> |
| <i>Triodos</i> | <i>xxxx2053</i> | <i>£100,207.23 (1/1/2020)</i> |
| <i>Nationwide BS</i> | <i>xxxx3712</i> | <i>£100,097.95</i> |

Reserves

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

The Council have adequate general reserves (£100,000) and have identified earmarked reserves in their year end accounts. It is noted that the Council have obtained £2,800,000 in PWLB loans.

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 Trustee of the King George's Field Cottenham (Charity No. 1082174). There was no income or expenditure for the charity for the 2018-2019 financial year.

The last annual submission of the accounts was 28/1/2020.

**Internal Audit
Procedures**

The 2019 Internal Audit report was considered by the Council at a meeting held on 7/5/2019 (Ref: 19/098).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 4/2/2020 (Ref: 20/028).

External Audit

The External Auditor's report was considered at a meeting held on 1/10/2019 (Ref: 19/199).

There were no matters arising from the External Audit

Additional Comments/Recommendations.

- The Annual Parish Council meeting was held on 7/5/2019, within the required timescale. 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.
- May I take the opportunity to congratulate the Council on the commencement of their new village hall project.
- I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work and the production of a well organised set of documents for the audit.



**Heather Heelis
Heelis & Lodge**
13 July 2020

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Cottenham Parish Council
205a High Street
Cottenham
Cambridgeshire
CB24 8RZ

Invoice No: HL9115

Date: 13 July 2020

| Details | Quantity | Amount (£) | Total (£) |
|-------------------------------------------------------------------------------------------|----------|------------|-----------|
| To carry out Internal Audit for Cottenham Parish Council for the year ended 31 March 2020 | 1 | 400.00 | 400.00 |
| Courier | 2 | 15.00 | 30.00 |
| Total | | | 430.00 |

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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