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Annual Internal Audit Report 2018/19

PAGLESITAM PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			# NO PETTY CASH HELD
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)	✓		
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			Not applicable ✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

24/06/2019

DF CHAMBERS (ON BEHALF OF HERBERT LODGE)

Signature of person who carried out the internal audit *DF Chambers*

Date 24/06/2019

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

PACLESTHAM PARISH COUNCIL ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2019, that:

	Agreed		'Yes' means that this authority:
	Yes	No	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

*For any statement to which the response is 'no', an explanation should be published

This Annual Governance Statement was approved at a meeting of the authority on:

27/06/2019

and recorded as minute reference:

MINUTE 50 19-20/iii

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman *[Signature]* SIGNATURE REQUIRED

Clerk *[Signature]* SIGNATURE REQUIRED

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Section 2 – Accounting Statements 2018/19 for

PACILESHAM PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	3,198	2,572	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	5,346	5,675	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	765	190	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	1,982	2,174	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	4,755	3,997	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	2,572	2,266	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	2,572	2,266	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	30,619	28,891	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings			The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council as a body corporate acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
		✓	

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority. Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date

27/06/2019

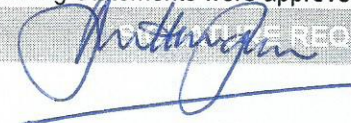
I confirm that these Accounting Statements were approved by this authority on this date:

27/06/2019

as recorded in minute reference:

MINUTE 50 19-20/IV

Signed by Chairman of the meeting where the Accounting Statements were approved

X  X

SIGNATURE REQUIRED

Explanation of variances – pro forma

Name of smaller authority: **PAGLESHAM PARISH COUNCIL**
 County area (local councils and): **ESSEX**

Insert figures from Section 2 of the AGAR in all Blue highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

(5) (B) (4)

	2017/18 £	2018/19 £	Variance £	Variance %	Required on	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	3,138	2,572				
2 Precept or Rates and Levies	5,346	5,675	329	6.15%	NO	
3 Total Other Receipts	765	190	-575	75.16%	YES	2017-2018 income included HMRC Vat @ £265, a PVT donation @ £239, a Sutton shared item @ £53, and correcting payment @ £68.23. 2018-19 income included a Sutton shared payment @ £51 only.
4 Staff Costs	1,982	2,174	192	9.69%	NO	Staff Costs for 2017-18 @ £1,982 - The increase in staff costs for 2018-19 @ £2,329 are by agreement of the Parish Council as a year on year increase to meet NALC/EALC/SLCC recommended Clerk salaries.
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO	
6 All Other Payments	4,755	3,997	-758	15.94%	YES	2017-2018 included Insurance costs @ £1,062, 2018-2019 included Insurance costs @ £330 via a different insurer.
7 Balances Carried Forward	2,572	2,266			NO	
8 Total Cash and Short Term Investments	2,572	2,266				
9 Total Fixed Assets plus Other Long Term Investments and	30,619	28,891	-1,728	5.64%	NO	
10 Total Borrowings		0				

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

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Bank reconciliation – pro forma

This reconciliation should include all bank and building society accounts, including short term investment accounts. It the column headed "Year ending 31 March 2019" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts receipts and payments basis. Please complete the highlighted boxes, remembering that un-presented cheques should be negative figures.

Name of smaller authority: Paglesham Parish Council

County area (local councils and parish meetings only): ESSEX.

Financial year ending 31 March 2019

Prepared by (Name and Role): Barry Summerfield Clerk/RFO.

Date: 27/06/2019

	£	£
Balance per bank statements as at 31/3/19:		
account 1 Community Account	2,516.5	
account 2		
account 3		
account 4		
[add more accounts if necessary] account 5		
account 6		
account 7		
account 8		2516.5
 Petty cash float (if applicable)		-
 Less: any un-presented cheques as at 31/3/19 (enter these as negative numbers)		
item 1 Cheque no. 682	250.00	
item 2		
item 3		
item 4		
[add more lines if necessary] item 5		
item 6		
item 7		
item 8		250
 Add: any un-banked cash as at 31/3/19		
 Net balances as at 31/3/19 (Box 8)		2,266.5

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Contact details

Name of smaller authority: Parisham Parish Council

County Area (local councils and parish meetings only): Essex.

Please complete this form and send it back to us with the AGAR or exemption certificate

	Clerk/RFO (Main contact)	Chair
Name	B. Summerville	D. WHITTINSAM.
Address	Sutton Hall Cottage Sutton Road, Rocwold Essex CH14 1LG.	Cobblers Row, East End, Parisham, Essex. SS4 2ER.
Daytime telephone number	01702 529308	01702 258616
Mobile telephone number	—	—
Email address	BSUMM@T@T@T@T@T.COM	

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Paglesham Parish Council - 2018/19

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

Income: £5,865 Expenditure: £6,171 Reserves: £2,266

AGAR Completion:

Section One: No - blank

Section Two: Yes – not signed or dated

Annual Internal Audit Report 2018/19: Yes

Certificate of Exemption: No - blank

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 cashbook is referenced providing an audit trail. Supporting paperwork is in place.

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: 7th June 2018 Minute 35

Financial Regulations in place: Yes

Reviewed: 7th June 2018 Minute 36

VAT reclaimed during the year: No

Registered: No

General Power of Competence: No

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

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

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Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

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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 – Z3009387 – Expiry 15/01/2020

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. The council has started to include GDPR within its Risk Assessment.

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 7th June 2018 Minute 38. Internal controls were not reviewed during the year of Audit.

There is no play equipment on the council's asset register.

The Council have satisfactory 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.

Fidelity Cover: £150,000

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

Transparency Code Compliance for smaller councils with income/expenditure under £25,000. Smaller authorities should publish on their website from 1 April 2015:

Smaller Council: [Yes](#)

Website: www.pagleshamparishcouncil.co.uk

- a) all items of expenditure above £100
Published – Yes within minutes
- b) annual governance statement (By 1 July)
2018 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2018 Annual Return, Section Two Published – Yes
- d) Certificate of Exemption
Certificate of Exemption Published - Yes
- e) internal audit report (By 1 July)
2018 Annual Return, Published – Yes
- f) notice of period for the exercise of public rights
Published – Yes
- g) list of councillor or member responsibilities
Published – Yes
- h) the details of public land and building assets (By 1 July)
Published – Yes
- i) Minutes, agendas and meeting papers of formal meetings
Published – Yes

The council meets the requirements of the Transparency Code.

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

Precept: £5,814 (2018/2019) Date: 14th December 2017 Minute 84i

Precept: £6,408 (2019/2020) Date: 10th January 2019 Minute 104iii

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 held

A satisfactory expenses system is in place with supporting paperwork.

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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 – PAYE Tools

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 joined the LGPS or 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. The total value of assets are recorded at £28,891. The figure in the asset register does not correspond 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. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts. Bank balances as at 31st March 2019 were confirmed as:

Community £2,516.49

Reserves

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

The Council have general reserves of £2,266 which is 35% of the 2019 / 2020 Precept.

Recommendation (2): *The council should review whether Earmarked reserves need to be established.*

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.

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Internal Audit Procedures

The Council did not review the effectiveness of the internal audit at a meeting during the year of audit.

Recommendation (3): *It is a requirement to review the effectiveness of the internal audit during the year of accounts.*

The Internal Audit report was considered by the Council at a meeting held on 7th June 2018 Minute 42i

Recommendation (4): *When applicable, the council's response to the Internal Audit recommendations should be contained in the minutes of the meeting.*

Heelis & Lodge were not appointed Internal Auditor at a meeting during the year of Audit.

External Audit

The Parish Council resolved at a meeting on the 30th August 2018 Minute 71ii to sign the Audit Exemption Certificate for 2017 / 2018. The criteria for signing the Audit Exemption had been met by the council.

The Parish Council fully complied with the Exemption Certificate website publishing criteria.

Period of Exercise of Public Rights Start Date *18th June 2018* End Date *27th July 2018*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 17/05/2018, 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.
- I would like to record my appreciation to the Clerk to the Council for the quality of documentation presented in the Audit File and for his assistance during the course of the audit work.

Dave Crimmin

Dave Crimmin PSLCC
Heelis & Lodge
24th June 2019

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