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Certificate of Exemption – AGAR 2018/19 Part 2

To be completed by smaller authorities where the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ended 31 March 2019, and that wish to certify themselves as exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

There is no requirement to have a limited assurance review or to submit an Annual Governance and Accountability Return to the external auditor, **provided** that the authority has certified itself as exempt at a meeting of the authority after 31 March 2019 and a completed Certificate of Exemption is submitted notifying the external auditor.

Sutton Parish Council

certifies that during the financial year 2018/19, the higher of the authority's gross income for the year or gross annual expenditure, for the year did not exceed **£25,000**

Annual gross income for the authority 2018/19:

£ 16,129.14.

Annual gross expenditure for the authority 2018/19:

£ 13,643.09

There are certain circumstances in which an authority will be **unable to certify itself as exempt**, so that a limited assurance review will still be required. If an authority is **unable to confirm the statements below then it cannot certify itself as exempt** and it **must** submit the completed Annual Governance and Accountability Return Part 3 to the external auditor to undertake a limited assurance review for which a fee of **£200 +VAT** will be payable.

By signing this **Certificate of Exemption** you are confirming that:

- The authority has been in existence since before 1st April 2015
- In relation to the preceding financial year (2017/18), the external auditor **has not**:
 - issued a public interest report in respect of the authority or any entity connected with it
 - made a statutory recommendation to the authority, relating to the authority or any entity connected with it
 - issued an advisory notice under paragraph 1(1) of Schedule 8 to the Audit and Accountability Act 2014 ("the Act"), and has not withdrawn the notice
 - commenced judicial review proceedings under section 31(1) of the Act
 - made an application under section 28(1) of the Act for a declaration that an item of account is unlawful, and the application has not been withdrawn nor has the court refused to make the declaration
- The court has not declared an item of account unlawful after a person made an appeal under section 28(3) of the Act.

If you are able to confirm that the above statements apply and that the authority neither received gross income, nor incurred gross expenditure, exceeding £25,000, then the Certificate of Exemption can be signed and a copy submitted to the external auditor **either** by email **or** by post (not both).

The Annual Internal Audit Report, Annual Governance Statement, Annual Accounting Statements, an analysis of variances and the bank reconciliation plus the information required by Regulation 15 (2), Accounts and Audit Regulations 2015 including the period for the exercise of public rights still need to be fully completed and, along with a copy of this certificate, published on a public website* before 1 July 2019. **By signing this certificate you are also confirming that you are aware of this requirement.**

Signed by the Responsible Financial Officer

[Signature]

Date

13/07/2019

Signed by Chairman

X [Signature] X

Date

13/07/2019

Email

Bsummvint@hotmail.com

Telephone number

0170 549308

*Published web address

www.suttonwithsawdonparishcouncil.com

ONLY this Certificate of Exemption should be returned EITHER by email OR by post (not both) as soon as possible after certification to your external auditor.



HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Sutton 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: £16,129 Expenditure: £13,643 Reserves: £2,486

AGAR Completion:

Section One: No – blank but dated
Section Two: Yes – not signed but dated
Annual Internal Audit Report 2018/19: Yes
Certificate of Exemption: Yes – not signed but dated.

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 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: 9th June 2018 Minute 33
Financial Regulations in place: Yes
Reviewed: 9th June 2018 Minute 34

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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Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy

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 – Z3117285 – 25/03/2020

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. It is advised that, due to the financial risk associated with the new Data Protection Regulations, this should form part of the Council's Risk Assessment.

Recommendation (2): *To include reference to GDPR in the Council's Risk Assessment.*

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 9th June 2018 Minute 36. Internal controls were reviewed on 9th June 2018 Minute 34.

There is no playground equipment on the 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.suttonwithshoplandparishcouncil.com

- 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

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- 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 – no land or buildings owned by council.
- 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: £7,203 (2018/2019) Date: 6th January 2018 Minute 90
Precept: £7,844 (2019/2020) Date: 8th December 2018 Minute 105ii.

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.*

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 not 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 £27,966. 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. 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:

<i>Community</i>	<i>£ 250.00</i>
<i>Business Premium</i>	<i>£2395.87</i>

The reconciliation is £0.02 out because a bank interest posting on the 03/09/2018 was entered as £6.26 rather than £6.28 in the cashbook.

Recommendation (3): *All accounting entries in the cashbook presented in the Audit file should be to 2 decimal places.*

Reserves

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

The Council have general reserves of £2,486 which is 32% of the 2019 -2020 Precept.

Recommendation (4): *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 reviewed the effectiveness of the internal audit at a meeting held on 9th June 2018 Minute 34.

The Internal Audit report was considered by the Council at a meeting held on 9th June 2018 Minute 40i.

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

Recommendation (5): *It is a requirement to appoint the Internal Auditor and record the decision in the minutes of the meeting.*

External Audit

At the meeting held on the 8th September 2018, the Parish Council resolved 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 12/05/2018, 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 his assistance during the course of the audit work.



Dave Crimmin PSLCC
Heelis & Lodge
10th July 2019

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Annual Internal Audit Report 2018/19

(3) (16) VA (A)

SUTTON 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 ✓

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

10/07/19

Name of person who carried out the internal audit

DFCANNON (ON BEHALF OF HEBBLS + LODGE)

Signature of person who carried out the internal audit

DFCannon

Date

10/07/19

*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

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We acknowledge as the members of:

SUTTON PARISH COUNCIL

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.		<input checked="" type="checkbox"/>	prepared its accounting statements in accordance with the Accounts and Audit Regulations. <i>SEE NOTE BELOW</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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
			<input checked="" type="checkbox"/>

*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:

13/07/2019

and recorded as minute reference:

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

Chairman

X [Signature]

Clerk

[Signature]

THE AGAR WAS COMPLETED ON 13th JULY 2019 OUTSIDE THE ACCOUNTS AND AUDIT REGULATIONS DUE TO THE DELAYED MEETINGS