

HEELIS&LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Harwich Town Council – 2018/19

The following Internal Audit was carried out on the adequacy of systems of control and should be read in conjunction with the Interim Internal Audit report dated 16/11/2018. The following recommendations/comments have been made:

Income: £229,715 Expenditure: £190,126 Reserves: £214,535

AGAR Completion:

Section One: **No**

Section Two: **Yes – draft figures**

Annual Internal Audit Report 2018/19: **Yes**

Certificate of Exemption: **No**

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: **17/10/2018 (Ref: 092/18)**

Financial Regulations in place: **Yes**

Reviewed: **20/3/2019 (Ref: F110/18)**

VAT reclaimed during the year: **Yes (January 2019)** Registered: **No**

General Power of Competence: **No**

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

Risk Assessment

Appropriate procedures in place for the activities of the council

Compliance with Data Protection regulations

Risk Assessment document in place: **Yes**

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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 new Data Protection Regulations the Council have produced a specific GDPR Risk Assessment to form part of the Council's Risk Assessment.

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 20/3/2019 (Ref: F111/18). The review of Internal Controls was carried out at a meeting held on 20/3/2019 (Ref: F111/18).

Fidelity Cover: £500,000

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

Budgetary controls

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

Precept: £197,889 (2019-2020) Date: 8/1/2019 (Ref: 133/18)

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.

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

Payroll is outsourced. The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork relating to pay, tax and NI is in place and P60s have been produced as part of the year end process.

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 £1,637,152.76. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

Further to discussion with the Clerk I can confirm that the War Memorials, gifted to the Council, should raise a value in the asset register of £1.

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 were confirmed at 31/3/2019 as:

<i>Business Saver Account</i>	<i>£155,503.79</i>
<i>Current Account</i>	<i>£3,000.00</i>
<i>NS&I</i>	<i>£50,000.00</i>
<i>Mixed Payments Account</i>	<i>£7,773.76</i>

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

The Council have adequate general reserves (£93,999) and have identified earmarked reserves (£120,536) 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 an Income and Expenditure basis. Creditors and debtors are identified. All were found to be in order.

Internal Audit Procedures

The 2018-2019 Interim Internal Audit report was considered by the Council at a meeting held on 28/11/2018 (Ref: 111/18).

External Audit **Reminder:** To complete Box 11, Section 2 of the AGAR.

Period of Exercise of Public Rights Start Date *17/6/2019* End Date *26/7/2019*

Additional Comments/Recommendations

- 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 her assistance during the course of the audit work



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8 May 2019

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