

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Harwich Town Council – 2020/2021

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

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 minutes and accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. The Council continue to use the RBS Omega system.

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: 8/4/2020 (Delegated Authority)
Financial Regulations in place: Yes
Reviewed: 30/9/2019 (Ref: F42/19)

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
Data Protection registration: Yes (Ref: Z2801014)

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 and approved at a meeting held on 10/6/2020 (Ref: 007/20).

Internal Controls were reviewed at a meeting held on 6/10/2020 (Ref: F17/20) and 10/6/2020 (Ref: 008/20).

The Council have effective internal financial controls in place. The Council operates online banking with effective risk management and controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

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.harwichtowncouncil.co.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:

External audit report

2019 Annual Return, Section Three Published – Yes

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £207,909 (2020-2021) Date: 7/1/2020 (Ref: 115/19)

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	<p>Precept and other income, including credit control mechanisms</p> <p><i>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.</i></p> <p><i>Allotment rents have been reviewed.</i></p>												
Petty Cash	<p>Associated books and established system in place</p> <p><i>A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from April 2020 to November 2020 and cross referenced with vouchers and the cash book. An effective referencing system is in place creating a clear audit trail.</i></p>												
Payroll controls	<p>PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment</p> <p>PAYE System in place: Yes</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. An examination will be undertaken at the year end.</i></p>												
Asset control	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p><i>To be carried out at the year end.</i></p>												
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with the end of month cashbook reports.</i></p> <p><i>Bank Balances at 26 November 2020 were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Barclays Current</i></td> <td><i>xxxx7482</i></td> <td><i>£2,973.59</i></td> </tr> <tr> <td><i>Barclays Current</i></td> <td><i>xxxx8672</i></td> <td><i>£3,219.46</i></td> </tr> <tr> <td><i>Barclays Savings</i></td> <td><i>xxxx4593</i></td> <td><i>£243,308.12</i></td> </tr> <tr> <td><i>NS&I</i></td> <td><i>xxxx1300</i></td> <td><i>£50,000.00 (Annual Statement - April 2020)</i></td> </tr> </table>	<i>Barclays Current</i>	<i>xxxx7482</i>	<i>£2,973.59</i>	<i>Barclays Current</i>	<i>xxxx8672</i>	<i>£3,219.46</i>	<i>Barclays Savings</i>	<i>xxxx4593</i>	<i>£243,308.12</i>	<i>NS&I</i>	<i>xxxx1300</i>	<i>£50,000.00 (Annual Statement - April 2020)</i>
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Reserves	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p><i>To be carried out at the year end.</i></p>												

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.

To be carried out at the year end.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2020 Year End Internal Audit report was considered by the Council at a meeting held on 10/6/2020 (Ref: 006/20)

A review of the effectiveness of the Internal Audit was carried out on 10/6/2020 (Ref:006/20).

External Audit

The External Auditor's report was considered at a meeting held on 1/9/2020 (Ref: 039/20).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- Due to the Coronavirus pandemic the requirement to hold the Annual Town Council meeting was removed until May 2021. As a result there was no Annual Town Council meeting in 2020.
- 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



Heather Heelis
Heelis & Lodge
18 January 2021

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