

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Harwich Town Council – 2021/2022

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

Financial Regulations in place: Yes

Reviewed: 23/3/2021

VAT reclaimed during the year: Yes (Ref: 7/10/2021) 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

Data Protection registration: Yes

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, including Internal Controls were reviewed at a meeting held on 22/6/2021 (Ref: 024/21 and 023/21).

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

As an additional level of internal control, the Council appoint a councillor to undertake an independent review of the accounts (Ref: 22/6/2021 – item 020/21). A review was undertaken and reported to the Finance & General Purposes Committee on 6/7/2021 (Ref: F11/21) where a positive report was presented.

Signatories were reviewed and confirmed at a meeting held on 22/6/2021 (Ref: 019/21).

Banking and investments were reviewed at a meeting held on 6/7/2021 (Ref: F13/21) .

Fidelity Cover: £500,000

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

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

2021 Annual Return, Section One Published – Yes

2021 Annual Return, Section Two Published – Yes

2021 Annual Return, Section Three Published – Yes

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

Notice of period for the exercise of public rights

Published – Yes

Period of Exercise of Public Rights

Start Date **25/6/2021**

End Date **5/8/2021**

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £205,861 (2021-2022)

Date: 12/1/2021 (Ref: 100/20)

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.

Fees for the Guildhall hire were reviewed at a meeting held on 6/7/2021 (Ref: F10/21).

Petty Cash

Associated books and established system in place

A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from April 2021 to September 2021 and cross referenced with vouchers and the cash book. An effective referencing system is in place creating a clear audit trail.

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. A further examination will be carried out at the year end audit.</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 examined at the year end audit.</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 year accounts and bank reconciliations for all accounts.</i></p> <p><i>Bank Balances at 30/9/2021 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>£3,000.00</i></td> </tr> <tr> <td><i>Barclays Current</i></td> <td><i>xxxx8672</i></td> <td><i>£5,454.52</i></td> </tr> <tr> <td><i>Barclays Savings</i></td> <td><i>xxxx4593</i></td> <td><i>£206,182.01</i></td> </tr> <tr> <td><i>NS&I</i></td> <td><i>xxxx1300</i></td> <td><i>£50,000.00 (5/4/2021 – annual statement)</i></td> </tr> </table>	<i>Barclays Current</i>	<i>xxxx7482</i>	<i>£3,000.00</i>	<i>Barclays Current</i>	<i>xxxx8672</i>	<i>£5,454.52</i>	<i>Barclays Savings</i>	<i>xxxx4593</i>	<i>£206,182.01</i>	<i>NS&I</i>	<i>xxxx1300</i>	<i>£50,000.00 (5/4/2021 – annual statement)</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 examined at the year end audit.</i></p>												
Year-end procedures	<p>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.</p> <p><i>To be examined at the year end audit.</i></p>												
Sole Trustee	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is not a sole trustee.</i></p>												
Internal Audit Procedures	<p><i>The 2021 Year End Internal Audit report was considered by the Council at a meeting held on 22/6/2021 (Ref: 021/21).</i></p>												

A review of the effectiveness of the Internal Audit was carried out on 22/6/2021 (Ref: 021/21).

External Audit

The Council formally approved the 2021 AGAR at a meeting of the full Council held on 22/6/2021 (Ref: 025/21 and 026/21).

The External Auditor's report was considered at a meeting held on 6/9/2021 (Ref: 062/21).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 20/5/2021. The first item of business was the Election of Mayor, 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 her assistance during the course of the audit work



Heather Heelis
HEELIS&LODGE

1 November 2021