

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Year End Internal Audit Report for Harwich Town Council – 2022/2023**

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 14/12/2022. The following recommendations/comments have been made:

Income: £232,957

Expenditure: £214,424

Reserves: £308,731

#### AGAR Completion:

Section One: **No**

Section Two: **Draft figures available**

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: **7/6/2022 (Ref: 25/22)**

Financial Regulations in place: **Yes**

Reviewed: **21/3/2023 (Ref: F98/22)**

VAT reclaimed during the year: **Yes (14/4/2023)**

Registered: **No**

General Power of Competence: **No**

*There were no tenders during the year to date 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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*Insurance was in place for the year of audit and reviewed at a meeting held on 21/3/2023 (Ref: 99/22). The Risk Assessment, including Internal Controls, was last reviewed at a meeting held on 21/3/2023 (Ref: F106/22).*

*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.*

*The internal independent review was undertaken and considered 13/12/2022 (Ref: F58/22) and 21/3/2023 (Ref: F92/22).*

Fidelity Cover: £500,000

*Fidelity cover meets the recommended guidance of year end balance plus 50% of the precept.*

### **Budgetary controls** supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £210,328 (2022-2023) Date: 12/1/2022 (Ref: 126/21)

Precept: £229,968 (2023-2024) Date: 10/1/2023 (Ref: 124/22)

*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.*

*Leisure charges were last reviewed on 22/3/2023 (Ref: F93/22).*

### **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 October 2022 to March 2023 and cross referenced with vouchers and the cash book. An effective referencing system is in place creating a clear audit trail.*

**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  
Employer's Reference: 245/KH472

*The Council continue to operate RTI in accordance with HMRC regulations.*

*It is noted that the Council undertook a review of salaries at the F&GP meeting held on 21/6/2022 (Ref: F22/22).*

**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 £1,380,221.99. 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. 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 as:*

<i>Barclays Current</i>	<i>xxxx7482</i>	<i>£3,000.00</i>
<i>Barclays Current</i>	<i>xxxx8672</i>	<i>£2,051.14</i>
<i>Barclays Savings</i>	<i>xxxx4593</i>	<i>£254,578.50</i>
<i>NS&amp;I</i>	<i>xxxx1300</i>	<i>£50,000.00</i>

**Reserves**

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

*The Council have adequate general reserves (£131,185) and have identified earmarked reserves (£177,546) 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.

*The year end accounts are produced on an income and expenditure basis. Creditors and debtors are identified in the balance sheet and all was found to be in order.*

**Internal Audit  
Procedures**

*The 2023 Interim Internal Audit report was considered by the Council at a meeting held on 10/1/2023 (Ref: 0118/22).*

**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 and the quality of documents presented for the audit.



**Heather Heelis**  
**Heelis & Lodge**  
21 April 2023