

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Harwich Town Council – 2019/2020

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: 17/10/2018 (Ref: 092/18)
Financial Regulations in place: Yes
Reviewed: 30/9/2019 (Ref: F42/19)

VAT reclaimed during the year: Yes (last claim 24/10/2019)
Registered: No

General Power of Competence: No

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

It is noted that the Town Council adopted their Constitution at a meeting held on 3/9/2019 (Ref: 159/19).

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 a specific Data Protection Risk Assessment.

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Risk Assessment and effectiveness of Internal Controls were reviewed at a meeting held on 4/6/2019 (Ref: 024/19 & 023/19)

Signatories were appointed at a meeting held on 4/6/2019 (Ref: 019/19).

The Council appoint an independent member to periodically review the bank reconciliation in accordance with Financial Regulation 2.2.

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

Fidelity Cover: £500,000

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: 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.

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.

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.

Hire charges were reviewed during the year as follows:

Guildhall on 25/6/2019 (Ref: F11/19)

Allotments on 6/6/2019 (Ref: A11/19)

Hill School Rents on 21/6/2018 – fixed for 3 years (Ref: F21/18)

Leisure charges 20/3/2019 (Ref: F98/18)

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 2019 to October 2019 and cross referenced with vouchers and the cash book.

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

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. The Council are part of the LGPS pension scheme.

Asset control Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

To be carried out at the year end.

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 accounts and bank reconciliations for all accounts.

Reconciled Bank Balances at 30 /10/2019 were confirmed as:

<i>Current</i>	<i>xxxx7482</i>	<i>£3,000.00</i>
<i>Current</i>	<i>xxxx8672</i>	<i>£2,706.00</i>
<i>Active Saver</i>	<i>xxxx4593</i>	<i>£231,791.54</i>
<i>NS&I</i>	<i>xxxx1300</i>	<i>£50,000.00 (5/4/2019)</i>

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

To be carried out at the year end.

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 Year End 2019 Internal Audit report was considered by the Council at a meeting held on 4/6/2019 (Ref: 021/19).

A review of the effectiveness of the Internal Audit was carried out on 4/6/2019 (Ref: 021/19).

External Audit

The External Auditor's report was considered at a meeting held on 15/10/2019 (Ref: 077/19).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 23/5/2018, within the required timescale. 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
17 December 2019