

HEELIS & LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Harwich Town Council – 2020/2021

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 18/1/2021. The following recommendations/comments have been made:

Income: £231,165 Expenditure: £200,183 Reserves: £236,557

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

Financial Regulations in place: **Yes**
Reviewed: **23/3/2021 (Ref: F83/20)**

VAT reclaimed during the year: **Yes (Ref: 26/1/2021)** Registered: **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.

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

Privacy Policy published: *Yes*

Insurance was in place for the year of audit. The Risk Assessment and Internal Controls were reviewed at a meeting held on 23/1/2021 (Ref: F84/20).

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.

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

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 *17/6/2020*

End Date *26/7/2020*

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.

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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. All supporting paperwork is in place and P60s has 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/insurance value. The total value of assets are recorded at £1,371,166.98. 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 at 31 March were confirmed as:

<i>Barclays Current</i>	<i>xxxx7482</i>	<i>£2,834.39</i>
<i>Barclays Current</i>	<i>xxxx8672</i>	<i>£3,194.94</i>
<i>Barclays Savings</i>	<i>xxxx4593</i>	<i>£189,508.65</i>
<i>NS&I</i>	<i>xxxx1300</i>	<i>£50,000.00 (Annual Statement - April 2020)</i>

(NB April 2021 statement not arrived at the time of audit)

Reserves

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

The Council have adequate general reserves (£116,549) and have identified earmarked reserves (£120,009) 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 & Expenditure basis. Creditors and Debtors are identified within the year end accounts.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2020 Internal Audit report was considered by the Council at a meeting held on 17/2/2021 (Ref: 114/20).

A review of the effectiveness of the Internal Audit was carried out on 6/4/2021 (Ref: 141/20).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 6/4/2021 (Ref: 141/20).

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.



**Heather Heelis
Heelis & Lodge**

14 April 2021