

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Harwich Town Council – 2023/2024

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2023. 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 very well referenced with method of payment, date, cost centre and minute reference. 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: 6/6/2023 (Ref: 022/23)
Financial Regulations in place: Yes
Reviewed: 21/3/2023 (Ref: F98/22)

VAT reclaimed during the year: Yes Registered: No

Period	Date	Amount
1/7/2023 – 30/9/2023	11/10/2023	£3,021.47
1/4/2023 – 30/6/2023	5/9/2023	£3,741.01

General Power of Competence: No Reviewed: 6/6/2023 (Ref: 026/23)

The Council is eligible but has resolved not to adopt the General Power of Competence at this time.

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

Code of Conduct: Yes Adopted: 6/6/2023 (Ref: 025/23)

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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 at a meeting held on 6/6/2023 (Ref: 021/23). Internal Controls were reviewed on 6/6/2023 (Ref: 020/23).

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 Council appointed a nominated councillor to carry out an independent review of the accounts in accordance with Financial Regulation 2.2 at a meeting held on 6/6/2023 (Ref: 029/23).

An independent review was undertaken on 14/6/2023 by the appointed councillor for the period January to March 2023.

A further independent review was undertaken on 12/9/2023 by the appointed councillor for the period April to June 2023.

The Annual Skatepark inspection has been undertaken and remedial work planned (Ref: 28/9/2023 - F45/23).

The Council reviewed bank signatories and mandates at a meeting held on 6/6/2023 (Ref: 027/23).

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: <https://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** councils must publish on their website:

External audit report

2023 Annual Return, Section One Published – Yes

2023 Annual Return, Section Two Published – Yes

2023 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations** 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 **12/6/2023**

End Date **21/7/2023**

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGARs for the five years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 on their website.

The Council have met the publication requirements.

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £212,406 (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

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All were found to be in order. Income controls were checked and a sample of income received and banked cross referenced with the Cash Book and bank statements.

Guildhall hire charges were reviewed at a meeting held on 20/6/2023 (Ref: F09/23). It was resolved to retain the current charges.

Other fees reviewed:

*Allotment rents 13/6/2023 (Ref: A13/23)
Hill School rents 22/9/2021 (Ref: F34/21)
Leisure charges 21/3/2023 (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 April 2023 to October 2023 and cross referenced with vouchers and the cash book. Petty cash limit is £150 and monthly reconciliations are undertaken.

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. Payroll is outsourced. Eligible employees have joined the nominated pension scheme.

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 and insurance value. The total value of assets are recorded at £1,380,189 / £4,907,741.12 respectively. A further examination will take place at the year end to confirm that 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 accounts.

Bank Balances were confirmed as:

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Barclays Current	xxxx7482	£2,918.70
Barclays Current	xxxx8672	£3,344.52
Barclays Savings	xxxx4593	£337,572.59
NS&I	xxxx1300	£50,000.00

Reserves

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

The Council adopted the Banking and Investment Strategy at a meeting held on 28/9/2023 (Ref: F37/23) and are now in the process

General and Earmarked reserves will be examined 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 examined 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 2023 Internal Audit report was considered by the Council at a meeting held on 6/6/2023 (Ref: 019/23).

A review of the effectiveness of the Internal Audit was carried out on 6/6/2023 (Ref: 019/23).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 4/4/2023 (Ref: 154/22).

External Audit

The Council formally approved the 2023 AGAR at a meeting of the full Council held on 6/6/2023 (Ref: 022/23 & 023/23).

The External Auditor's report was considered at a meeting held on 5/9/2023 (Ref: 77/23).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

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- The Annual Town Council meeting was held on 25/5/2023. The first item of business was the Election of Mayor, in accordance with Standing Orders.
- It was noted that the risk assessment was considered on 21/3/2023 in a closed session. Unless the risk assessment contained information which meets the criteria to exclude the press and public then this document is usually considered in the public domain.
- 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 well organised documentation presented for the audit.



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21 November 2023

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