

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Harwich Town Council – 2024/2025

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 2024. 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 accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. The Council use Rialtas Omega accounting software. The last cheque written was No.100018 on 16/11/2023).

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: 4/6/2024 (Ref: 024/24)
Financial Regulations in place: Yes
Reviewed: Currently under review (Ref: 24/9/2024 - F038/24)

Recommendation: Following an update in legislation, when next reviewing Standing Orders to increase the value in SO.18.c to £30,000, and likewise in FR.11.1.b.

VAT reclaimed during the year: Yes
Registered: No

Submission Period:	Amount:
02/04/2024-30/06/2024	£2,774.59
02/07/2024-30/09/2024	£1,407.74

General Power of Competence: No

There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.

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The Council reviewed the following additional documents:

- Complaints Procedure – 18/6/2024 (Ref: F012/24)
- Classifying and Handling Risk Policy – 4/6/2024

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. The Data Protection Risk Assessment was reviewed at a meeting held on 4/6/2024 (Ref: 027/24).

Privacy Policy published: Yes
Link: <https://www.harwichtowncouncil.co.uk/privacy/>

Insurance was in place for the year of audit (1/4/2024 – 31/3/2025). The Risk Assessment was reviewed at a meeting held on 4/6/2024 (Ref: 021/24) and a Risk Management Policy adopted.

The effectiveness of the system of internal control was reviewed at a meeting held on 4/6/2024 (Ref: 020/24). Two councillors have been appointed to review the system of internal control for the 2024/2025 financial year and 2 councillors have been appointed to periodically review the bank reconciliations in accordance with Financial Regulation 2.2 (Ref: 4/6/2024 – 026/24). These reviews are reported to the Finance & General Purposes Committee (Ref: 24/10/9/2024 – F035/24).

The Council continue to be proactive in assessing, managing and reviewing the levels of risk involved in line with the decisions they make.

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. A Statement of Internal Control is in place.

Bank signatories were reviewed at a meeting held on 4/6/2024 (Ref: 025/24). It is noted that the Council undertook a bank and investment review on 24/9/2024 (Ref: F036/34).

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

2024 Annual Return, Section One Published – Yes

2024 Annual Return, Section Two Published – Yes

2024 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

Publication Date: 6/6/2024 Start Date: 7/6/2024 End Date: 18/7/2024

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.

Income controls

Precept and other income, including credit control mechanisms

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 on 18/6/2024 (Ref: F009/24) where it was resolved to retain the existing charges.

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 2024 to September 2024 and cross referenced with vouchers and the cash book. An effective referencing system is in place and regular reconciliations are undertaken.

Payroll controls

PAYE and NIC in place where necessary.
Compliance with Inland Revenue procedures
Records relating to contracts of employment and pensions

PAYE System in place: Yes
Employer's Reference: 245/KH472
P60s issued: Yes

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place and P60s have been produced as part of the year end process.

Eligible employees have joined the nominated pension scheme. A further examination will be undertaken at the year end.

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 and cost value is used for the AGAR. A further examination will take place 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 end of year accounts and bank reconciliations for all accounts.

Bank Balances at were confirmed as:

Barclays Current	xxxx7482	£2,590.74	(31/10/2024)
Barclays Current	xxxx8672	£4,740.80	(31/10/2024)
Barclays Savings	xxxx4593	£220,593.00	(31/10/2024)
NS&I	xxxx1300	£80,000.00	(10/4/2024)
PSDF	xxxx6598	£100,000.00	(31/8/2024)
Petty Cash		£28.98	(30/9/2024)

Reserves

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

To be examined at the year end.

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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 Year End 2024 Internal Audit report was considered by the Council at a meeting held on 4/6/2024 (Ref: 019/24).

A review of the effectiveness of the Internal Audit was carried out on 4/4/2024 (Ref: 171/24).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 4/4/2024 (Ref: 171/23).

External Audit

The Council formally approved the 2024 AGAR at a meeting of the full Council held on 4/6/2024 (Ref: 022/24 & 023/25).

The External Auditor's report was considered at a meeting held on 5/9/2024 (Ref: 059/24).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 16/5/2024. 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 and the quality of documentation presented for the audit.



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19 November 2024

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