

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Haverhill Town Council – 2010/11**

Income: £1,123,447      Expenditure: £1,038,466      Reserves: £648,816

### Annual Return Completion:

Section One: **Yes**

Section Two: **Yes**

Section Four: **Yes**

The following Internal Audit was carried out on the adequacy of systems of control and is the culmination of visits to the Town Council offices on the following dates:

13 October 2010

18 January 2011

25 March 2011

The following recommendations/observations 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. VAT payments are tracked and identified within the year end accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.*

**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: 23/3/10 – item 11

Financial Regulations in place: **Yes**      Reviewed: 6/4/10 – item 6

VAT reclaimed during the year: **Yes**      Registered: **Yes**

*Financial Regulations and Standing Orders are in place.  
Debtors are listed monthly.*

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*A selection of payments were examined from April – August 2010 as part of the audit. These were cross referenced with the ledger, bank statements, cheque books and invoices. All were found to be in order. A clear and comprehensive audit trail is in place.*

*The Council have adopted the Power of Wellbeing (16/2/10 – item14). It is noted that this will have to be reviewed following the May 2011 Town Council elections.*

## **Risk Assessment**

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes Reviewed: 1/2/11 – item 12

- *Insurance was in place for the year of audit. Public liability insurance is covered for £10m, as is Employer's liability insurance.*
- *Risks were reviewed and agreed that no changes were required.*
- *The Clerk was re-appointed as Responsible Finance Officer (25/5/10).*

Fidelity Cover: £1,250,000 plus £439,069 wageroll

*The Council has adopted an Investment Strategy (22/3/11)*

*The Council utilise the LCRS software and have comprehensive risk assessments in place for all areas of Council business. An Action Plan is produced to identify areas which need further action.*

## **Budgetary controls**

Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £720,427 Date: 16/2/10

*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. Budgetary papers are prepared in order for the council to make informed decisions.*

## **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 was cross referenced with the Cash Book, Daily Record Sheet, bank paying in book and bank statements.*

*A selection of income transactions for every month covering the April 2010 to August 2010 were examined as part the audit and all were found to be in order.*

*All queries were successfully answered.*

*There were no matters arising from the inspection.*

## **Petty Cash**

Associated books and established system in place

*A satisfactory system is in place with supporting paperwork. Receipts and vouchers throughout the year were crossed referenced against the Petty Cash records.*

*The following queries were raised and passed on to Neil to investigate:*

|                |                   |               |                                     |
|----------------|-------------------|---------------|-------------------------------------|
| <i>Voucher</i> | <i>H Barker</i>   | <i>£12.20</i> | <i>Receipts in place for £11.00</i> |
| <i>Voucher</i> | <i>Hendersons</i> | <i>£6.75</i>  | <i>Receipts in place for £4.95</i>  |

## **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**

*Regular Tax and NI contributions have been made. Payroll is outsourced to SGW Payroll Ltd. The year end P35 was submitted within the required timescale. There were no outstanding monies 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. Given that the Town Council's income will, for the third successive year, exceed £1m in 2010/11 the Council are required to establish a depreciation account for the Town Council's assets. The Council have defined as asset and set a 'de minimus' value at £500. Any asset less than this value or, after depreciation, that has a zero value is no longer included on the asset register.*

*The Council have extended their activities to include hiring out of equipment. Appropriate insurance cover has been obtained.*

## **Bank Reconciliation**

Regularly completed and cash books reconcile with bank statements

*All were in order. Bank accounts are reconciled monthly. The bank statements reconciled with the bank reconciliations.*

## **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 a Income and Expenditure basis and were all in order. Sample audit trails were undertaken and all were found to be in order.*

## **Sole Trustee**

The Council has met its responsibilities as a trustee

*The Haverhill Town Hall Charity accounts were examined and all were found in order. The cash book was cross referenced against invoices and VAT was correctly accounted for.*

*Hartseats Ltd accounts were examined and a selection of invoices and income cross referenced with bank statements, cashbook and cheque/paying in books. All were found in order. Payroll is outsourced to SGW Payroll Ltd. VAT returns have been completed and submitted within the required timescale.*

## **Internal Audit Procedures**

*The Council have satisfactory internal financial controls in place. Cheque stubbs are initialled by signatories. The Clerk provides comprehensive financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.*

*The Council reviewed the effectiveness of the internal audit at a meeting held on 1/2/11 – item 11. It was agreed that no changes were required.*

*The External Audit report was considered at a meeting held on 18/1/11 – item 10. There were no matters arising that required further action.*

*Heelis & Lodge were duly appointed Independent Internal Auditor (25/5/10 – item 11)*

## **Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 25/5/10, within the required timescale. The first item on the agenda should be 'Election of Town Mayor' in accordance with Standing Orders.
- The Town Council provide an excellent service to the residents of Haverhill through the provision of the Arts Centre, their support for other local organisations and also their support of facilities for the young people of Haverhill.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Gordon and Neil for their assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
22 June 2011