

HEELIS&LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Haverhill Town Council – 2012/13

Income: £1,222,509

Expenditure: £1,149,630

Reserves: £934,591

Annual Return Completion:

Section One: No – draft figures available

Section Two: No – draft figures available

Section Four: Yes

The following Internal Audit was carried out on the adequacy of systems of control and should be read in conjunction with the Interim Audit report dated 26/10/2012. 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. There has been no significant change in accounting procedures since the Interim Audit.

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: 24/4/2012

Financial Regulations in place: Yes Reviewed: 16/3/2010

VAT reclaimed during the year: Yes Registered: Yes

*Financial Regulations and Standing Orders in place.
VAT submissions have been made online at quarterly periods as required.
Standing Orders are in need of updating following the adoption of the 2012 Code of Conduct.*

Financial Regulations have not been reviewed for over 3 years.

Recommendation: *To review and revise SO 7.c) in light of the adoption of the 2012 Model Code of Conduct.*

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Recommendation: To review Financial Regulations. Whilst not essential, the Council may like to consider making reference to the General Power of Competence in the document.

Risk Assessment

Appropriate procedures in place for the activities of the council

Risk Assessment document in place: Yes

Insurance was in place for the year of audit. The Risk Assessment was reviewed on 29/1/2013. The Council use the LCRS software which provides a risk scoring system that triggers any further action on risks with a score higher than 3. The Risk Assessment appears to cover all activities/areas of risk for the Town Council.

Fidelity Cover: £1,828,175

The level of Fidelity cover has been reviewed and is now within the recommended guidelines of year end balances plus 50% of the precept.

Budgetary controls

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

Precept: £746,212

Date: 26/2/2013

Notes in addition to the Interim Audit report: The budget for 2013-14 was agreed in full Council on 26/2/2013, however the precept decision and amount has not been minuted. Supporting budget papers were attached to the minutes for referencing purposes.

Recommendation: To clearly minute the precept decision and amount in the minutes.

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.

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

Payroll is outsourced to SGW Payroll Ltd. RTI is in place from April 2013. A sample of payroll transactions were examined and all was found to be in order.

Year end submission to HMRC for 2012-2013
Yes – submitted by SGW Payroll Ltd.

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 purchase cost as per the current regulations. The total cost values of assets will be recorded on the Annual Return, Section 1, Box 9 in accordance with current regulations.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

All were in order. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts. It is noted that the reconciliation procedures are to be updated to provide a more effective system for recording miscellaneous income.

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 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 Council is the sole Trustee of the Haverhill Town Hall Charity (Reg Charity No: 288092), which is examined within the scope of the Internal Audit. The examination of the Charity accounts will take place at the 2013-2014 Interim Internal Audit in October 2013.

The examination of the Hartseats Accounts will also take place at the 2013-2014 Interim Internal Audit in October 2013.

Internal Audit Procedures

The Council have good internal financial controls in place. Some cheque stubbs on the Payroll Account are initialled by signatories, however the majority since the Interim Audit are not. It is a requirement for cheque stubbs to be initialled.

All cheque stubbs on the Current Account are initialled.

Recommendation: *To ensure that all cheque stubbs are initialled on the Payroll Account by the signatories signing the cheques.*

The Council reviewed the effectiveness of the internal audit at a meeting held on 29/1/2013.

Additional Comments/Recommendations

- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to Will and Colin for their assistance during the course of the audit work



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Heelis & Lodge
21 June 2013