

HEELIS & LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Haverhill Town Council – 2019/2020

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 1/11/2019. The following recommendations/comments have been made:

Income: £1,696,759 Expenditure: £1,809,890 Carry Forward: £641,860

AGAR Completion:

Section One: **No**

Section Two: **Yes – to be signed**

Annual Internal Audit Report 2019/2020: **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: **26/5/2020 (Ref: C20/072)**

Standing Orders in place: **Yes**

Reviewed: **26/5/2020 (Ref: C20/072)**

VAT reclaimed during the year: **Yes**

Registered: **Yes (Reg: 759 9415 72)**

Returns submitted for the periods:

1/4/2019 – 30/6/2019

1/7/2019 – 30/9/2019

1/10/2019 – 31/12/2019

1/1/2020 – 31/3/2020

Financial Regulation No. 6.20 has been updated following the recommendation in the Interim Internal Audit report.

Risk Assessment

Appropriate procedures in place for the activities of the council

Compliance with Data Protection regulations

Fidelity Cover: **£1,985,000 (Wageroll £702,300)**

Contact details : 1 Hembling Terrace, Mill Lane, Campsea Ashe, Suffolk, IP13 0PP

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

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: www.haverhill-tc.gov.uk

Under **The Accounts & Audit Regulations 2015 15(15)** councils must publish on their website:

a) external audit report

2019 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

b) notice of period for the exercise of public rights

Published – Yes

Period of Exercise of Public Rights

Start Date **17/6/2019**

End Date **26/7/2019**

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £954,798.63 (2019-2020)

Date: 28/1/2019 (Ref: C19/007)

Precept: £1,023,550 (2020-2021)

Date: 27/1/2020 (Ref: C20/020/b)

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

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.

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 January 2020 to March 2020 and cross referenced with vouchers and the cash book.

Contact details : 1 Hembling Terrace, Mill Lane, Campsea Ashe, Suffolk, IP13 0PP

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM

Lynne Lodge Dip HE Local Policy

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. An examination of month 12 payroll was undertaken and all was found to be in order.

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 £778,573. 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 31/3/2020 were confirmed as:

<i>Current</i>	<i>xxxx3992</i>	<i>£30,506.81</i>
<i>30 Day Deposit</i>	<i>xxxx4416</i>	<i>£11,305.50</i>
<i>Lloyds Treasury 32 Day</i>	<i>xxxxSYLN</i>	<i>£500,411.56</i>
<i>Lloyds Treasury 14/4</i>	<i>xxxx75LS</i>	<i>£121,000.00</i>
<i>Cardnet</i>		<i>£nil</i>
<i>Petty Cash</i>		<i>£59.92</i>
<i>One Haverhill Partnership</i>	<i>xxxx3368</i>	<i>£15,859.53</i>
<i>Zone Petty Cash</i>		<i>£2.81</i>

Reserves

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

The Council have adequate general reserves and have identified earmarked reserves in their year end accounts.

The Council's Reserves Policy regarding general reserves is as follows:

3.2 The policy of the Council is to increase general reserves to the equivalent of 3 months' expenditure by March 31st 2023 – a minimum of £352,356 plus inflation and the precept will be set at a level to achieve this.

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 a sole trustee of the Haverhill Community Trust (Charity No. 288092). In addition to the Leiston Centre, the Trust has taken on responsibility for 'Haverhill in Bloom'. The independent examination of the Trust falls within the scope of the Internal Audit for the Town Council. Income and expenditure transactions from November 2019 – March 2020 were examined as part of the audit trail. The Trust uses the same systems as the Council which provides a clear and thorough audit trail.

An examination was also carried out on the Heartseats Ltd financial transactions from September 2019 – March 2020.

Internal Audit Procedures

The 2019-2020 Interim Internal Audit report was considered by the Council at a meeting held on 25/11/2019 (Ref: C19/162).

Heelis & Lodge were appointed as Internal Auditor for a further year at a meeting held on 26/5/2019 (Ref: C20/073).

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 his assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
3 June 2020

Contact details : 1 Hembling Terrace, Mill Lane, Campsea Ashe, Suffolk, IP13 0PP
Tel: 07732 681125
Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy