

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Haverhill Town Council – 2020/2021

The following Internal Audit was carried out on the adequacy of systems of control. The following recommendations/comments have been made:

Income: £1,151,077 Expenditure: £955,432 Reserves: £837,505

AGAR Completion:

Section One: **No**

Section Two: **Yes – draft figures**

Annual Internal Audit Report 2020/2021: **Yes**

Certificate of Exemption: **No**

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Council hold the General Power of Competence and LGAs137 does not apply. VAT payments are tracked and identified within the accounts. Supporting paperwork is in place and well referenced. The systems in place enabled clear cross referencing and sound financial controls.

An examination was also carried out on the Heartseats Ltd financial transactions from April 2020 – March 2021.

Audit trails were examined on a selection of transactions from April 2020 – March 2021.

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: **26/5/2020 (Ref: C20/072)**
Financial Regulations in place: **Yes**
Reviewed: **26/5/2020 (Ref: C20/072)**

VAT reclaimed during the year: **Yes** Registered: **Yes (Reg: 759 9415 72)**

Returns submitted:

Q1 16/7/2020
Q2 19/10/2020
Q3 25/1/2021
Q4 30/4/2021

General Power of Competence: **Yes (adopted 14/5/2019 – item C19/085)**

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

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**

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.

Internal Controls and the Financial Risk Register were reviewed at a meeting held on 22/6/2020 (Ref: C20/086.b).

The Council have effective internal financial controls in place. The Clerk provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: **£1,985,000**

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: www.haverhill-tc.gov.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(15)** councils must publish on their website:

External audit report

2020 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations 2015 15(2b)** 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 **1/7/2020**

End Date **31/8/2020**

Budgetary controls

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

Precept: £1,039,733 (2021-2022)

Date: 26/1/2021 (Ref: C21/011.b)ii)

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, however, the precept requirement for 2021-2022 has not been minuted. It is noted that the budget is published on the website and the above figure was drawn from this.

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 (Ref: 22/6/2020 – item C20/085).

Recommendation: *To ensure that the precept requirement (ie the precept figure) is minuted as part of the resolution.*

Income controls	Precept and other income, including credit control mechanisms <i>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.</i>																								
Petty Cash	Associated books and established system in place <i>A satisfactory petty cash system is in place with supporting paperwork. There are 2 petty cash schemes in place, the Town Council and The Zone. A sample of receipts from both were examined from 1/4/2020 to 31/3/2021 and cross referenced with vouchers and the cash book.</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 Employer PAYE Reference: 245/SH277 <i>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and P60s have been produced as part of the year end process.</i>																								
Asset control	Inspection of asset register and checks on existence of assets Cross checking on insurance cover <i>A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £780,369. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.</i>																								
Bank Reconciliation	Regularly completed and cash books reconcile with bank statements <i>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.</i> <i>Bank Balances at 31 March were confirmed as:</i> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Current</i></td> <td><i>xxxx3992</i></td> <td><i>£313,358.77</i></td> </tr> <tr> <td><i>30 Day Deposit</i></td> <td><i>xxxx4416</i></td> <td><i>£16,013.60</i></td> </tr> <tr> <td><i>Lloyds Treasury 32 Day</i></td> <td><i>xxxxSYLN</i></td> <td><i>£475,219.27</i></td> </tr> <tr> <td><i>Lloyds Treasury 14/4</i></td> <td><i>xxxx75LS</i></td> <td><i>Closed</i></td> </tr> <tr> <td><i>Cardnet</i></td> <td></td> <td><i>£nil</i></td> </tr> <tr> <td><i>Petty Cash</i></td> <td></td> <td><i>£8.67</i></td> </tr> <tr> <td><i>One Haverhill Partnership</i></td> <td><i>xxxx3368</i></td> <td><i>£32,646.32</i></td> </tr> <tr> <td><i>Zone Petty Cash</i></td> <td></td> <td><i>£11.39</i></td> </tr> </table> <i>It is noted that the Lloyds Treasury xxxx75LS matured and was closed.</i>	<i>Current</i>	<i>xxxx3992</i>	<i>£313,358.77</i>	<i>30 Day Deposit</i>	<i>xxxx4416</i>	<i>£16,013.60</i>	<i>Lloyds Treasury 32 Day</i>	<i>xxxxSYLN</i>	<i>£475,219.27</i>	<i>Lloyds Treasury 14/4</i>	<i>xxxx75LS</i>	<i>Closed</i>	<i>Cardnet</i>		<i>£nil</i>	<i>Petty Cash</i>		<i>£8.67</i>	<i>One Haverhill Partnership</i>	<i>xxxx3368</i>	<i>£32,646.32</i>	<i>Zone Petty Cash</i>		<i>£11.39</i>
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Reserves

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

The Council have adequate general reserves (£238,243) and have identified earmarked reserves (£599,262) in their year end accounts.

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 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 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 April 2020 – March 2021 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 April 2020 – March 2021.

The following year end balances at the bank at 31/3/2021 were:

<i>Heartseats Ltd</i>	<i>Lloyds xxxx9223</i>	<i>£8,210.14</i>
<i>Haverhill in Bloom</i>	<i>Lloyds xxxx8768</i>	<i>£2,129.53</i>

The annual submission of the accounts to the Charity Commission are up to date. The submission for the 2020 accounts was dated 13/1/2021.

Internal Audit Procedures

The 2020 Internal Audit report was considered by the Council at a meeting held on 22/6/2020 (Ref: C20/086.b)i).

A review of the effectiveness of the Internal Audit was carried out on 22/6/2020 (Ref: C20/086.b)iii).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 26/5/2020 (Ref: C20/073) for a one-year extension on the 5 year contract.

External Audit

The Council formally approved the 2020 AGAR at a meeting of the full Council held on 22/6/2020 (Ref: C20/086.c).

The External Auditor's report was considered at a meeting held on 23/11/2020 (Ref: C20/165 d).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- Due to the Coronavirus pandemic the requirement to hold the Annual Town Council meeting was removed until May 2021.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to Colin and Martin for their assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
30 April 2021