

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Haverhill Town Council – 2021/2022**

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

Income: £2,128,565      Expenditure: £2,114,045      Reserves: £825,025

#### AGAR Completion:

Section One: No – draft figures available

Section Two: No

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.*

*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: 4/5/2021 (Ref: C21/080)

Financial Regulations in place: Yes

Reviewed: 4/5/2021 (Ref: C21/080)

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

General Power of Competence: Yes

*There was no evidence of tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.*

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

Tel: 07732 681125

Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy FILCM

Lynne Lodge Dip HE Local Policy

*Committee Terms of Reference were adopted at the Annual Town Council meeting held on 4/5/2021 (Ref: C21/075).*

## **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. The Risk Assessment was reviewed at a meeting held on 28/6/2021 (Ref: C21/093.c)ii.5).*

*Internal Controls were reviewed at a meeting held on 28/6/2021 (Ref: C21/093.b)ii).*

*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.*

Fidelity Cover: £1,985,000

*The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.*

*It is noted that the Council have moved to online banking and therefore only two cheques were written during the year.*

*A purchase order system is in place. Audit trails were undertaken on a selection of transactions between 1/4/2021 and 31/3/2022. All were found to be in order.*

## **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://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.*

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

External audit report

*2021 Annual Return, Section One Published – Yes*

*2021 Annual Return, Section Two Published – Yes*

*2021 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

Start Date 1/7/2021

End Date 13/8/2021

The Council have met the publication requirements for 2020-2021.

#### **Budgetary controls** supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £1,039,733 (2021-2022)

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

Precept: £1,139,309 (2022-2023)

Date: 25/1/2022 (Ref: C22/011.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.*

*Room and hall hire charges were reviewed for 2022-2023. There is a discretionary reduction in hire charges/grant process in place for community groups.*

#### **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 July 2021 to March 2022 and cross referenced with vouchers and the cash book.*

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**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's Reference: 245/SH277  
 P60s issued: Yes

*The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place and a P60 has been produced as part of the year end process. An audit trail was carried out cross referencing payslips to P60s to Telepay, timesheets and payrun data. All was found to be in order.*

*It is noted that the 1.75% backpay has been awarded to staff. Eligible staff are part of the LGPS.*

**Asset control**

Inspection of asset register and checks on existence of assets  
 Cross checking on insurance cover

*A separate asset register is in place. A review of the asset register took place on 28/6/2021 (Ref: C21/093.c)ii.4). It is noted that an Assets Disposal Register (ADR) has been introduced to establish a permanent record of assets that have been disposed of, these will be transferred to the ADR after two years on the assets register. Values are recorded in the register at cost value and insurance value. The total value of assets are recorded at £953,054.41. 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 March were confirmed as:*

|                           |          |             |
|---------------------------|----------|-------------|
| Current                   | xxxx3992 | £529,033.54 |
| 30 Day Deposit            | xxxx4416 | £28,911.96  |
| Lloyds Treasury 32 Day    | xxxxSYLN | £50,346.17  |
| Lloyds Treasury 95 Day    | xxxx     | £300,195.48 |
| Petty Cash floats         |          | £2,210.18   |
| One Haverhill Partnership | xxxx3368 | £9.24       |

**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.*

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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.

*End of year accounts are prepared on an Income & Expenditure basis. Creditors and Debtors are identified within the year end accounts. The Trial Balance agreed. Supporting paperwork is in place following the Rialtas year end closedown.*

**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). The Independent Examination of the Trust does not form part of this Internal Audit report.*

**Internal Audit Procedures**

*The 2021 Internal Audit report was considered by the Council at a meeting held on 28/6/2021 (Ref: C21/093.b)i).*

*A review of the effectiveness of the Internal Audit was carried out on 28/6/2021 (Ref: C21/093.b)iv).*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 4/5/2021 (Ref: C21/081).*

**External Audit**

*The Council formally approved the 2021 AGAR at a meeting of the full Council held on 28/6/2021 (Ref: C21/093.c).*

*The External Auditor's report was considered at a meeting held on 26/10/2021 (Ref: C21/154.c).*

*There were no matters arising from the External Audit.*

**Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 4/5/2021. The first item of business was the Election of New 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 his assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
9 May 2022

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