

# HEELIS&LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Haverhill Town Council – 2022/2023**

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

Income: £1,730,201      Expenditure: £1,907,950      Reserves: £674,277

#### AGAR Completion:

Section One: **Yes - unsigned**

Section Two: **Yes - unsigned**

Annual Internal Audit Report 2022/2023: **Yes**

Certificate of Exemption: **No**

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

*All were found to be in order. The Council hold the General Power of Competence and LGAs137 does not apply. The Council use the RBS accounting software and year end closedown is carried out by Rialtas.*

*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: **16/5/2022 (Ref: C22/060)**

Financial Regulations in place: **Yes**

Reviewed: **16/5/2022 (Ref: C22/060)**

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

*VAT submissions have been submitted quarterly.*

General Power of Competence: **Yes (Last adopted in May 2019)**

*Terms of reference are in place for standing committees. These were reviewed at a meeting held on 16/5/2022 (Ref: C22/057). Delegated powers are clearly identified within the specific committee Terms of Reference.*

*The Recruitment and Data Protection policies were reviewed at a meeting held on 30/1/2023 (Ref: C23/012).*

## **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 (Ref: Z5642015)

### **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. An insurance review was undertaken by the Council on 27/6/2022 (Ref: C22/081.d). It is noted that the Haverhill Community Trust insurances were renewed on 20/11/2022 (Ref: C22/140.b). Vehicle insurance is in place.*

*The Risk Register was reviewed at a meeting held on 27/6/2022 (Ref: C22/081.ii.5). Internal Controls were reviewed on 27/6/2022 (Ref: C22/081.b.i).*

*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.*

*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.*

*Payment request slips are in place.*

*A successful fire alarm drill was undertaken during the audit. Staff were calm and thorough in their approach and evacuated the building methodically and professionally.*

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](http://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 councils must publish on their website:

External audit report

*2022 Annual Return, Section One Published – Yes*

*2022 Annual Return, Section Two Published – Yes*

*2022 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 **1/7/2022**

End Date **26/8/2022**

*The Council have complied with the publication requirements.*

## Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £1,364,232 (2023-2024) Date: 30/1/2023 (Ref: C23/011.b)

Precept: £1,139,309 (2022-2023) Date: 25/1/2022 (Ref: C22/011.b)

*Effective budgetary procedures are in place. The budgeting process is thorough and takes into account growing pressures on resources and rising costs.*

*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 published on the website and monitored throughout 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 for the Council and for the Zone. Supporting paperwork is in place. A sample of receipts were examined from April 2022 to March 2023 and cross referenced with vouchers and the cash book.*

**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. All supporting paperwork is in place and a P60 has been produced as part of the year end process. Eligible employees have joined the LGPS. An audit trail was carried out. All was found to be in order.*

*It is noted that the National Pay Award has been implemented.*

**Asset control**

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

*A separate asset register is in place and a review is undertaken at each year end. Values are recorded at cost value/insurance value. The total value of assets are recorded at £950,193. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.*

*It is noted that the long term investment with the CCLA Property Fund has correctly been included in the asset register.*

**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	£285,690.32
30 Day Deposit	xxxx4416	£506,318.04
Lloyds Treasury 32 Day	xxxxSYLN	£nil

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Cardnet account		£nil
Petty Cash - Town Council		£185.82
Petty Cash - Zone		£220.07
Kiosk		£290.00
One Haverhill Partnership	xxxx3368	£3,241.82

## Reserves

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

*The Council have adequate general reserves (£259,300) and have identified earmarked reserves (£933,577) in their year end accounts. It is noted that earmarked reserves are reviewed annually.*

## 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. The balance sheet reconciles with the accounts. Figures in Section 2 Boxes 7 and 8 are supported by bank reconciliations and the balance sheet.*

## 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.*

*Total Income £195,876*

*Total Expenditure £189,128*

*The last submission was for the 2022 accounts on 9/1/2023.*

## Internal Audit Procedures

*The 2022 Internal Audit report was considered by the Council at a meeting held on 16/5/2022 (Ref: C22/061).*

*A review of the effectiveness of the Internal Audit was carried out on 27/6/2022 (Ref: C22/081.b.ii). The review included Terms of Reference for the Internal Audit.*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 16/5/2022 (Ref: C22/062).*

## External Audit

*The Council formally approved the 2022 AGAR at a meeting of the full Council held on 27/6/2022 (Ref: C22/081.ii.1 and 2).*

*The External Auditor's report was considered and accepted at a meeting held on 25/10/2022 (Ref: C22/135.b).*

*The following matters were brought to the attention of the Council:*

The figures in Section 2, Boxes 4 of the prior year comparative column do not agree to the prior year final signed AGAR. This year's AGAR states £590,551, and last year's states £560,551.

Section 2, Box 2, the annual precept, does not agree to the figure published by the precepting authority. The figures in Boxes 2 and 3 should read £1,042,834 and £708,231 respectively. All grants, including Council Tax Support Grant, should be shown in Box 3, as per the guidance notes on the AGAR

The minute references for Sections 1 and 2 have not been recorded on the AGAR. The minutes of the meeting at which the AGAR was approved have been reviewed and demonstrate that Sections 1 and 2 have been approved in the correct order. The smaller authority should ensure that the correct dates are recorded on the AGAR in future.

*The Council have amended the 2022 column Boxes 2 & 3 in Section Two of the draft figures for the 2023 AGAR.*

### **Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 16/5/2023. The first item of business was the Election of Chairman, 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 Kerry and Colin for their assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
3 May 2023