HEELIS&LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Halstead Town Council – 2019/2020

The following Internal Audit was carried out on the adequacy of systems of control. 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. LGAs137 and VAT payments are tracked and identified within the accounts and the payment list presented to the Council. The use of LGAs137 is clearly minuted in the decision making process (Ref: 15/7/2019 – item 052). It is noted that the Council use the SAGE50 finance package.

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: December 2019
Financial Regulations in place: Yes
Reviewed: 19/12/2016 (Ref: Financial Regulations) and December 2019

VAT reclaimed during the year: Yes Registered: Yes (466076234)

General Power of Competence: No

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

Reference to the Public Contracts Regulations is contained within both Standing Orders and Financial Regulations.

The Council currently comply with signing authority as detailed in Financial Regulation No. 6.4.

The Council have a suite of policies in place including:

- *Members/Offices Policy*
- *Capability and Conduct Policy*
- *Complaints Procedure*
- *Data Protection Policy*
- *Disciplinary Procedure*
- *Equality and Diversity Policy*
- *Grant Awarding Policy and Procedure*
- *Grievance Procedure*
- *Health & Safety Policy*
- *Publication Scheme*
- *Risk Management Policy*
- *Leave from Work Policy*
- *Sickness & Absence Policy*
- *Training & Development Policy*

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. It is advised that, due to the financial risk associated with the new Data Protection Regulations, this should form part of the Council's Risk Assessment.

Recommendation: *To include reference to GDPR in the Council's Risk Assessment.*

Privacy Policy published: *Yes - website*

Insurance was in place for the year of audit. Insurance is reviewed prior to the expiration of the current policy. Comparative quotes are sought to achieve best value.

The Risk Management document, including Internal Controls, were reviewed at a meeting held on 15/4/2019 (Ref: 202).

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS
Tel: 07732 681125
Email: heather@heelis.eu

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

The following Risk Assessments are in place:

- *Adverse weather*
- *Car park duties*
- *Events in the public gardens*
- *Christmas lights switch on*
- *Outings*
- *Controls to eliminate risk to staff or mishandling*
- *Office based staff*
- *Torchlight procession*
- *Use of boomlift for Christmas lights erection*

The Council have effective internal financial controls in place. Cheque stubbs and invoices are initialled by signatories. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

The annual play area inspection has been undertaken (Ref: 18/3/2019 – Item 7B).

Transparency Code

Compliance for smaller councils with income/expenditure under £25,000. Smaller authorities should publish on their website from 1 April 2015:

Smaller Council: No
Website: www.halsteadtowncouncil.org.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.

Budgetary controls

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

Precept: £179,014.00 (2019-2020) Date: 14/1/2019 (Ref: 7E)

Effective budgetary procedures are in place. The 2019-2020 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. Comprehensive budget papers are prepared to ensure councillors have sufficient information to make informed decisions. Budgets are monitored during the year.

The Council have adopted a Long Term Financial Plan.

Income controls

Precept and other income, including credit control mechanisms

All were found to be in order. Income controls were checked for the period April – November 2019.

Car park charges were reviewed at a meeting held on 14/1/2019 (Ref: 7D). It was resolved to implement a 0% increase for parking charges, continue free parking after 3pm, and increase the cost of the parking permit by 10%.

Bad debts are considered by the Council prior to being written off, in accordance with Financial Regulation No. 1.13.

Petty Cash	Associated books and established system in place *A satisfactory petty cash system is in place with supporting paperwork.* *Petty cash limit is £250 (2018-2019 IA Report). This differs from Financial Regulation 6.21a) which states £200. This will need updating when Financial Regulations are reviewed December/January.* ***Recommendation:*** *To update Financial Regulations regarding the petty cash limit.*
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 *It is noted that the Council undertook a review of salaries budgets at a meeting held on 15/4/2019 (Ref: 204) in accordance with Financial Regulation No.4.4.*
Asset control	Inspection of asset register and checks on existence of assets Cross checking on insurance cover *To be examined at the year end.*
Bank Reconciliation	Regularly completed and cash books reconcile with bank statements *All were in order. Bank Reconciliations are carried out monthly. The bank statements reconciled with the accounts.*
Reserves	General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified *To be carried out at the year end.*
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. *To be carried out at the year end.*

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS
Tel: 07732 681125
Email: heather@heelis.eu

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

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2019 Internal Audit report was considered and noted by the Council at a meeting held on 13/5/2019 (Ref: 014.b).

A review of the effectiveness of the Internal Audit was carried out on 14/10/2019 (Ref: 111.f).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 14/10/2019 (Ref: 111.f).

External Audit *The Council declared themselves Exempt from External audit for the 2019-2020 financial year.*

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 13/5/2018, within the required timescale. The first item of business was the Election of Town Mayor, in accordance with Standing Orders.
- Minute pages are sequentially numbered and signed by the presiding Chairman in accordance with regulations.
- I would like to take this opportunity to congratulate the Town Council on their achievement of the Foundation Award and the Quality Award in 2019.
- 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 her assistance during the course of the audit work

H Heelis

Heather Heelis
Heelis & Lodge
18 December 2019

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS
Tel: 07732 681125
Email: heather@heelis.eu

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

Recommendation : that HTC note the interim internal audit report

Sarah Greatorex

Sarah Greatorex
Town Clerk

Contact details : 52 Parkway, Wickham Market, Suffolk, IP13 0SS
Tel: 07732 681125
Email: heather@heelis.eu

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