# HEELIS&LODGE

Local Council Services • Internal Audit

**Interim Internal Audit Report for Halstead 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:

**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. Payments are listed and presented to full Council meetings. Supporting financial information is well presented providing a clear audit trail.*

*It is noted that the Council use the SAGE50 finance package.*

**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 2020
Financial Regulations in place: Yes
Reviewed: January 2020

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

General Power of Competence: No – 1972 LGAs137 is used

*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

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***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.*

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

***Reminder:*** *To formally review the Risk Assessment and Internal Controls prior to 31/3/2021.*

Privacy Policy published: *Yes*

*Insurance was in place for the year of audit.*

*The Council have a comprehensive suite of policies in place.*

*The Risk Management Policy was reviewed at a meeting held on 10/8/2020 (Ref: 076).*

*The Policy on Intangible Risk was reviewed at a meeting held on 10/8/2020 (Ref: 075).*

*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 Covid Policy is in place (Ref: 13/7/2020 – item 058). Covid Risk Assessments are in place.*

*The Council adopted new procedures to enable online banking payments at a meeting held on 21/4/2020 (Ref: 239.e).*

Fidelity Cover: £500,000

*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.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.*

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

External audit report
*2019 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 23/6/2020 End Date 3/8/2020

**Budgetary controls**

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

*To be carried out at the year end.*

**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 bank statements.*

*Allotment fees were reviewed at a meeting held on 21/4/2020 (Ref: 239.d).*

**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 April 2020 to November 2020 and cross referenced with vouchers and the cash book. All were found to be in order.*



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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

*The Council continue to operate RTI in accordance with HMRC regulations. Payroll will be examined at the year end.*

**Asset control**

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

*To be examined at the year end audit.*

**Bank Reconciliation**

Regularly completed and cash books reconcile with bank statements

*All were in order. Bank Reconciliations are carried out regularly and reported at full Council meetings, where they are formally agreed.*

**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.*

**Sole Trustee**

The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

**Internal Audit Procedures**

*The 2020 Year End Internal Audit report was considered by the Council at a meeting held on 15/6/2020 (Ref: 033.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 External Auditor's report was considered at a meeting held on 12/10/2020 (Ref: 131.d).*

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

**Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 18/5/2020. The first item of business was the Election of Chairman/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 her assistance during the course of the audit work

**Heather Heelis**
**Heelis & Lodge**
12 January 2021

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www.heelisandlodge.co.uk

**INVOICE**

**To:**

| |
|---|
| Halstead Town Council<br>Queens Hall,<br>Chipping Hill,<br>Halstead, Essex,<br>CO9 2BY. |

| |
|---|
| Invoice No: HL9134 |
| Date: 12 January 2021 |

| Details | Quantity | Amount (£) | Total (£) |
|---|---|---|---|
| To carry out Interim Internal Audit for Halstead Town Council for the year ended 31 March 2021 | 1 | 250.00 | 250.00 |
| Total | | | 250.00 |

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 72-00-00

Terms – 30 days

Thank you.

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