Year End Internal Audit Report for Halstead Town Council – 2021/2022

The following Internal Audit was carried out on the adequacy of systems of control and should be read in conjunction with the Interim Internal Audit report dated 24/1/2022. The following recommendations/comments have been made:

Income: £369,584 Expenditure: £289,384 Reserves: £230,196

AGAR Completion:
Section One: No
Section Two: No – draft figures available
Annual Internal Audit Report 2020/2021: Yes
Certificate of Exemption: No

Financial regulations

Standing Orders and Financial Regulations

Financial Regulations in place: Yes
Reviewed: 10/1/2022 (Ref: 184.g) and 16/3/2022 (Ref: 232)

The Council reviewed the following policies at a meeting held on 10/1/2022 (Ref: 187, 189 & 190):

- *Capability and Conduct*
- *Safeguarding*
- *Sickness and Absence*

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
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, including Internal Controls were reviewed at a meeting held on 14/2/2022 (Ref: 202).

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The Council have good 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.

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** 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 14/6/2021 End Date 23/7/2021

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £199,907 (2021-2022) Date: 11/1/2021 (Ref: 194)
Precept: £not recorded in the minutes (2022-2023)
Date: 10/1/2022 (Ref: 184.e)

Good budgetary procedures are in place. The precept was agreed in full council, however the precept amount has not been 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.

Recommendation: *The Council should record the precept amount in the minutes when the precept is set.*

Petty Cash Associated books and established system in place

A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.

Whilst a petty cash system is in place it was not used during the year. It is noted that a new Clerk's petty cash account is being set up and the Barclaycard account is being closed.

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/SH110
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 pension scheme.

It is noted that the NALC pay award of 1.75% has been paid (March 2022). As this is a contractual agreement, the award simply needs to be noted in the minutes.

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

A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £1,648,953.26. 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:

Nationwide	*xxxx3373*	*£35,000.00*
Barclays Business	*xxxx7870*	*£83,696.01*
Barclays Community	*xxxx4545*	*£1,479.12 (no statement received)*
Barclays BP	*xxxx4419*	*£3,488.20*
Barclays Active Saver	*xxxx8528*	*£nil*

Lloyds Current	*xxxx4168*	*£63,007.84*
Lloyds Bond	*xxxx404LS*	*Closed – transferred to CCLA account*
CCLA Instant Access	*xxxx80001PC*	*£45,014.08*

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.

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.

Internal Audit Procedures

The 2022 Interim Internal Audit report was considered by the Council at a meeting held on 14/2/2022 (Ref: 206). The recommendations made in the Interim report were noted and it was resolved to undertake a review of the operational aspect of the credit card.

External Audit

There is no evidence in the minutes that the External Auditor's report was considered at a meeting.

Recommendation: *To ensure that, when received, the External Auditor's report is considered by the Council and the consideration minuted.*

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

Additional Comments/Recommendations

- 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
16 May 2022

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Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Halstead Town Council
Queens Hall,
Chipping Hill,
Halstead, Essex,
CO9 2BY.

Invoice No: HL9244	
Date: 16 May 2022	

Details	Quantity	Amount (£)	Total (£)
To carry out Year End Internal Audit for Halstead Town Council for the year ended 31 March 2022	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.

HEELIS&LODGE

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