Interim Internal Audit Report for Halstead Town Council – 2023/2024

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2023. 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 is not used as the Council have adopted the General Power of Competence. 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 have changed their accounting system from SAGE50 to Scribe for the 2023-2024 financial year.

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: 18/9/2023 (Ref: 098)
Financial Regulations in place: Yes
Reviewed: 14/12/2022 (Ref: 150)

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

VAT Returns submitted:

Period	Amount reclaimed
1/4/2023 – 30/6/2023	£3,661.09
1/7/2023 – 30/9/2023	(£2,888.68)

General Power of Competence: Yes
Adopted: Yes (adopted 15/2/2021 – item 221)
Reaffirmed: 15/5/2023 – item 004

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

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The Member/Officer Protocol was reviewed and updated at a meeting held on 12/6/2023 (Ref: 051).

The Health & Safety Policy was reviewed and approved at a meeting held on 16/19/2023 (Ref: 115).

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 (Reg: Z2078738)

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 Management Policy was last reviewed at a meeting held on 13/2/2023 (Ref: 188).

Internal Controls were last reviewed at a meeting held on 14/12/2022 (Ref: 145.d).

Reminder: *To undertake and minute a review of the Risk Assessment and Internal Controls during the year of audit ie prior to 31/3/2024.*

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.

The Council appointed a councillor to carry out internal control at a meeting held on 14/11/2022 (Ref: 122.c) and an examination was carried out on 1/12/2022.

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: https://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** councils must publish on their website:

External audit report
2023 Annual Return, Section One Published – Yes
2023 Annual Return, Section Two Published – Yes
2023 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 14/6/2023 End Date 25/7/2023

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGARs for the five years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 on their website.

The Council have met the publication requirements.

2018 – 2019	*Sections 1&2*	*https://drive.google.com/file/d/1osnJGtQFdxy9y2AyUlJQYlvA_rRY8YP4/view*
	Section 3	*https://www.halsteadtowncouncil.org.uk/site/wp-content/uploads/2019/08/External_Auditor_Report_and_Certificate_2018-19.pdf*
2019 – 2020	*Sections 1,2&3*	*https://www.halsteadtowncouncil.org.uk/site/wp-content/uploads/2020/10/Audit-2019-20.pdf*
2020 - 2021	*Sections 1,2&3*	*https://www.halsteadtowncouncil.org.uk/site/wp-content/uploads/2022/01/AGAR-20-21.pdf*
2021 - 2022	*Sections 1,2&3*	*https://www.halsteadtowncouncil.org.uk/site/wp-content/uploads/2022/10/Notice-of-Conclusion-of-Audit-2022.pdf*
2022-2023	*Sections 1&2*	*https://www.halsteadtowncouncil.org.uk/site/wp-content/uploads/2023/08/Annual-Internal-Audit-Report-2022-23.pdf*
	Section 3	*https://www.halsteadtowncouncil.org.uk/site/wp-content/uploads/2023/10/External-auditor-report-2022-2023.pdf*

Recommendation: *Whilst all the documents are online, clear identification in the document titles would be beneficial to ensure transparency for the public*

Budgetary controls supporting documents	Verifying the budgetary process with reference to council minutes and
	Precept: £219,462 (2023-2024) Date: 16/1/2023 (Ref: 166.d)
	Effective budgetary procedures are in place. The precept was agreed in full council, however the precept amount has not been minuted as noted in the 2022-2023 year end Internal Audit report.
Income controls	Precept and other income, including credit control mechanisms
	To be examined at the year end audit.
Petty Cash	Associated books and established system in place
	A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held. A debit card is place and expenditure is reported to full Council on a regular basis.
	Recommendation: *To amend Financial Regulation No. 6.21 when next reviewing Financial Regulations.*
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
	The Council continue to operate RTI in accordance with HMRC regulations. Eligible employees have joined the nominated pension scheme. A further examination will take place at the year end audit.
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. A further examination of the asset register will take place 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. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

Bank Balances at 30 September 2023 were confirmed as:

Nationwide	*xxxx3373*	*£35,000*	*(21/7/2023)*
Barclays Business	*xxxx7870*	*£84,804.69*	
Barclays BP	*xxxx4419*	*£nil*	*(CLOSED)*
Barclays Active Saver	*xxxx8528*	*£nil*	*(CLOSED)*
Lloyds Current	*xxxx4168*	*£203,355.79*	
CCLA Instant Access	*xxxx80001PC*	*£46,913.78*	
Lloyds Clerk Account	*xxxx5762*	*£1,093.33*	
Barclays Charity Account	*xxxx2588*	*£165.20*	*(15/7/2022)*

It is noted that the Barclays account xxxx2588 has been closed and the amount transferred into general funds.

Reserves

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

To be examined at the year end audit.

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 examined at the year end audit.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2023 year end Internal Audit report was considered by the Council at a meeting held on 12/6/2023 (Ref: 048 (b).

A review of the effectiveness of the Internal Audit is carried out as part of the review of the Risk Assessment.

External Audit

The Council formally approved the 2023 AGAR at a meeting of the full Council held on 12/6/2023 (Ref: 048 c & d).

The External Auditor's report for 2022 was considered at a meeting held on 12/6/2023 (Ref: 048.f). The External Auditor's report for 2022-2023 was considered by the Council at a meeting held on 16/10/2023 (Ref: 111.g).

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

The AGAR was not accurately completed before submission for review.:

- The balance brought forward from the previous year of £198,399 (Section 2, Box 1) does not agree to the prior year balance carried forward of £215,544 (Section 2, Box 7). This is due to a restatement of the reserves figure due to a historic error in the accounting system.

The AGAR was not accurately completed before submission for review. The AGAR has been amended.

Not further action required.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 15/5/2023. 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
13 November 2023

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HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

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

Invoice No: HL9395	
Date: 13 November 2023	

Details	Quantity	Amount (£)	Total (£)
To carry out Interim Internal Audit for Halstead Town Council for the year ended 31 March 2024	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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