Halstead Town Council

HALSTEAD
TOWN COUNCIL

Present:
Councillor J Bond
Councillor G MacAndrews

Date: 12 December 2025

Internal Controls Review 2025

Please note the following report on the internal controls has been completed on the basis of inquiry and discussion. This report is to provide insight into the design and implementation of the current controls, rather than operating effectiveness of the controls. Consequently, no formal testing of any controls has been completed. If such comfort is required to be sort in this area, further work will need to be undertaken.

The Halstead Town Council (HTC) offices were visited by Councillors J Bond and G MacAndrews on the 12 December 2025. The Town Clerk (Sarah Greatorex) and office employees as well as bookkeeper Wendy Ogilvie and were present and available for interview during this time.

In accordance with the Practitioners Guide 2025 all Councillors are required to confirm adherence to good governance practices (e.g., internal controls), Section 1: Annual Governance Statement.

Changes from the previous version of the Practitioners guide can be found here: **www.saaa.co.uk/wp-content/uploads/2025/04/Practitioners-guide-2025-changes**. A copy of these changes has been included as an appendix to this report.

Key changes relate to Digital and data compliance of which most significance is and relates to the IT and data recommendations for the current year.

1.54 All smaller authorities (excluding parish meetings) must also have an IT policy. This explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment.

The email management change, that every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk is already in place.

During our meeting, we discussed and completed walkthroughs in the following areas, thus allowing us to conclude on the internal control objectives within the Annual Internal audit report:

1. Income
2. Expenditure
3. Payroll
4. Financial reporting.
5. IT/Computer systems

In conclusion a summary of changes from the previous year and further recommendations have been highlighted for the council's attention.

Recommendations – Short term:

For ease of use a traffic light approach to area of concern has been included below:

Matter of Concern	*What could go wrong*	*Grade*	*Recommendation*	*Update on prior year*
Raised in the previous year				
Invoices are raised outside of the Riatas: *Invoices are raised in Word for such services as hall rental (sequential) and allotments (non-sequential).*	*Invoices could be raised with incorrect amounts, bank account details either in error or fraudulently and would not be identified.*		*All invoicing is raised through Raitas whereby the bank details & customers would be restricted and differences with amounts would be identified through bank reconciling.*	*The majority of invoicing is now completed through Rialtas with only car park permits remaining to be transitioned across.*
Unsecured Cash held on sight.	*Cash could be stolen and increased to staff working if cash is known to be held on site for a significant time.*		*Secure measures, such as purchase or repair of a safe be made to hold all levels of cash.*	*The safe has been fixed and cash is now held securely.* *Note: Amount now held overnight on a weekly basis has reduced from £2k to c£600*
No approval by council of overtime payments made to staff.	*Unapproved payments made to staff individuals could be made.*		*An implementation of an overtime procedure, whereby overtime can be summarised and presented to full council for approval with all other payments.*	*No change noted – overtime remains unapproved by the council.*
Record of insured amounts is not held on the fixed asset register.	*Current value of fixed are unknown and could be insured at an amount lower than their replacement value.*		*Full asset verification should be completed to confirm what is currently held. All assets above £2k to include their current value (market Value) for insurance purposes.* *A new class of assets such as consumables to be included with nil value.*	*No change – valuation of fixed assets is unknown.* *A formal valuation of land, buildings and significant plant and machinery be obtained as time since last valuation is now 6 years.*
Identified during the current year				
Unsecured digital data access – no passwords or other security was found to be in place for data access both local or cloud based servers.	*Digital data could be accessed internally by the wrong level of employees or externally from outside users breaching data protection.*		*Implementation of an IT policy explaining how everyone - clerks, members and other staff use IT equipment and software in a secure and legal way.* *Data protection and cyber security training be completed by all Councillors and employees of the council.*	*n/a*

Recommendations – Long term:

As noted in the Practitioners Guide 2025, Section 1, 2 and 3 of this guide represents the proper accounting and governance practices (‘proper practices’) referred to in statute. They set out for responsible financial officers the appropriate standard of financial and governance reporting for smaller authorities and are mandatory.

Currently the council although meets many of these ***proper practices*** does not have a any formal documentation covering the system notes. To avoid reliance on key employees it is recommended as a long-term solution, that system notes in the 5 areas above covering sections 1 -3 is drafted and retained within the Councils permanent files reviewed annually and updated when necessary.

Accounting Software – Rialtas:

Councillors will be aware that the new accounting software, “Rialtas” is now operational, and both the Town Clerk and Mrs Ogilvie have received training in its use, but there are still issues that need to be resolved with Rialtos to discuss the most effective management.

Although matters are often provided to Riatas for their thoughts no developments have been implemented and consequently continues to be inefficient. We recommend that a report covering these deficiencies notified to Riatas be provided to Council for their awareness.

<u>Appendices to this report:</u>

1. Changes to the Practitioners guide 2025
2. Annual Internal audit report