

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Witham Town Council – 2022/2023

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. LGA1972 s137 is not used as the Council use the General Power of Competence. VAT payments are tracked and identified within the accounts. The cashbook is referenced and supporting paperwork is in place and well referenced. The Council use the RBS Omega software which provides comprehensive reports and a clear audit trail.

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: 16/5/2022 (Ref: 17)

Financial Regulations in place: Yes

Reviewed: 16/5/2022 (Ref: 18)

VAT reclaimed during the year: Yes Registered: No

VAT has been reclaimed during the year:

April – June 2022 £10,216.11

General Power of Competence: Yes

(Reaffirmed at the Annual Town Council meeting held on 16/5/2022 (Ref: 21).

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

The Scheme of Delegation was reviewed and approved at the Annual Town Council meeting held on 16/5/2022 (Ref: 16).

The Town Council Code of Conduct was adopted at the Annual Town Council meeting held on 16/5/2022 (Ref: 19).

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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 (Ref: Z6922290)

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.

Reminder: *To ensure the annual review of the Risk Assessment and Internal Controls is carried out prior to 31/3/2022.*

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Risk Assessment was last reviewed by the Policy and Resources Committee at a meeting held on 29/3/2022 (Ref: 61).

The Council have robust 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. An internal Financial Risk Assessment has been conducted by the Financial Scrutiny Panel on 1/9/2022 covering the following areas:

- *Budget Management*
- *Administration*
- *Policy and Internal Control*
- *Tenders*

Bank signatories were reviewed and approved at the Annual Town Council meeting held on 16/5/2022 (Ref: 20).

Fidelity Cover: £500,000 (Internal Crime)

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept (£541,959 + £352,000 = £893,959).

Recommendation: *To review the level of Fidelity cover (Internal Crime).*

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.witham.gov.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
2022 Annual Return, Section One Published – Yes
2022 Annual Return, Section Two Published – Yes
2022 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 [13/6/2022](#) End Date [22/7/2022](#)

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £704,406 (2022-2023) Date: 17/1/2022 (Ref: 180)

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

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 the Cash Book and bank statements.

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 2022 to October 2022 and cross referenced with vouchers and the cash book. Regular reconciliations are undertaken throughout the year.

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/WW723**
P60s issued: **Yes**

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place. Eligible employees have joined the LGPS pension scheme. A further examination will take place at the year end.

The Council have fulfilled their re-declaration of compliance duties (Ref: The Pensions Regulator 20/2/2022).

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/insurance value. A review of assets was undertaken and received and noted at the Annual Town Council meeting held on 16/5/2022 (Ref: 23).

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 accounts and bank reconciliations for all accounts.

Bank Balances at 30 September 2022 were confirmed as:

<i>Lloyds Business</i>	<i>xxxx2286</i>	<i>£28,655.19</i>
<i>Lloyds Deposit</i>	<i>WITHAMCOUN</i>	<i>£372,137.97</i>
<i>Unity Trust</i>	<i>xxxx4430</i>	<i>£491,868.29</i>

Reserves

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

To be carried out at the year end.

The Treasury and Investment Policy was reviewed and confirmed at the Annual Town Council meeting held on 16/5/2022 (Ref: 26).

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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 2022 Year End Internal Audit report was considered by the Council at a meeting held on 7/6/2022 (Ref: 37).

Heelis & Lodge were appointed as Internal Auditor at the Annual Town Council meeting held on 16/5/2022 (Ref: 24).

External Audit

The Council formally approved the 2022 AGAR at a meeting of the full Council held on 7/6/2022 (Ref: 38 & 39).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 16/5/2022. The first item of business, following the address from the outgoing Mayor was the Election of Town 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 and the quality of documents presented for the audit.



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18 October 2022

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