

HEELIS&LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Witham Town Council – 2020/2021

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 4/12/2020. The following recommendations/comments have been made:

Income: £680,086 Expenditure: £640,982 Reserves: £411,304

AGAR Completion:

Section One: [Yes - unsigned](#)

Section Two: [Yes – draft figures](#)

Annual Internal Audit Report 2020/2021: [Yes](#)

Certificate of Exemption: [No](#)

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

VAT reclaimed during the year: [Yes](#) Registered: [No](#)

Date: [13/5/2021](#)

Period: [1/1/2021 – 31/3/2021](#)

Value: [£9,441.78](#)

Date: [3/3/2021](#)

Period: [1/10/2020 – 31/12/2020](#)

Value: [£7,993.70](#)

Date: [22/10/2020](#)

Period: [1/4/2020 – 30/9/2020](#)

Value: [£21,935.27](#)

[There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.](#)

[The Council adopted an Allotment Site Management Policy at a meeting held on 22/3/2021 \(Ref: 2\).](#)

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.

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls was considered by the Financial Scrutiny Panel on 9/3/2021. The areas that are examined by the Panel are:

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

Recommendations are identified within the Risk Assessment and the report was considered by the Policy & Resources Committee at a meeting held on 22/3/2021 (Ref: 6).

The Council have effective internal financial controls in place. Cheque stubbs and invoices are initialled by signatories and payments above £3,000 incur a triple authorisation. It is noted that there is a recommendation by the Financial Scrutiny Panel to increase this limit to £4,000. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £500,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept. However, it is noted that as part of the consideration of the Interim Internal Audit report at a meeting held on 14/12/2020 (Ref: 235), the Council resolved to increase Fidelity cover to the maximum amount of funds held.

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(15)** councils must publish on their website:

2020 Annual Return, Section One Published – Yes
2020 Annual Return, Section Two Published – Yes
2020 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 **1/9/2020** End Date **12/10/2020**

The Council have complied with the 2020 AGAR publication requirements.

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £679,744.00 (2021-2022) Date: 18/1/2021 (Ref: 250)

Effective budgetary procedures are in place. The 2021-2022 precept was considered by the Estimates Sub-Committee (Ref: 11/1/2021 – item 3) and a recommendation made to, and was agreed at 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 (£100 limit) with supporting paperwork. A sample of receipts were examined from April 2020 to November 2020 and cross referenced with vouchers and the cash book. Petty Cash reconciliations are in place from November 2020 – March 2021. A robust recording system is in place.

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 PAYE Reference: **245/WW723**

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and P60s have been produced as part of the year end process.

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Heather Heelis Dip HE Local Policy FILCM
Lynne Lodge Dip HE Local Policy

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 insurance value. The total value of assets are recorded at £1,104,040. 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:

<i>Lloyds – Mayors Fund</i>	<i>xxxx5165</i>	<i>£7,490.17</i>
<i>Lloyds – Current</i>	<i>xxxx2286</i>	<i>£4,186.81</i>
<i>Unity Trust – Current</i>	<i>xxxx4430</i>	<i>£188,504.07</i>
<i>Lloyds – 32 Day</i>		<i>£221,688.08</i>

Reserves

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

The Council have adequate general reserves (£253,277) and have identified earmarked reserves (£158,027) 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 2020-2021 Interim Internal Audit report was considered by the Council at a meeting held on 14/12/2020 (Ref: 235). The Council resolved to increase Fidelity cover to the maximum amount of funds held.

External Audit

The External Auditor's report was considered at a meeting held on 22/3/2021 (Ref: 5).

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 and Deputy Clerk to the Council for their assistance during the course of the audit work and a well presented and organised set of documents for the audit.



Heather Heelis

HEELIS&LODGE

24 May 2021

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Witham Town Council
Town Hall
Newland Street
Witham
Essex
CM8 2FE

Invoice No: HL9173

Date: 24 May 2021

Details	Quantity	Amount (£)	Total (£)
To carry out Year End Internal Audit for Witham Town Council for the year ended 31 March 2021	1	260.00	260.00
Total			260.00

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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