

HEELIS&LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Witham Town Council – 2021/2022

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: 2/9/2019 (Ref: 53)
Financial Regulations in place: Yes
Reviewed: 1/9/2020 (Ref: 172)

VAT reclaimed during the year: Yes
Submission date: 22/7/2021
Period: 1/4/2021 – 30/6/2021
Amount: 9,376.08
Registered: No

General Power of Competence: Yes – reaffirmed on 4/5/2021 (Ref: 22)

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

It is noted that the Mayor's Appeal, which had raised £7,345.81 over the past 2 years, was donated to the Citizens Advice.

A revised Code of Conduct was adopted at a meeting held on 4/5/2021 (Ref: 26).

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The Treasury and Investment Policy was reviewed and renewed at a meeting held on 4/5/2021 (Ref: 27).

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.

Privacy Policy published: Yes

Insurance was in place for the year of audit.

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

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.

Town Council signatories were appointed at the meeting held on 4/5/2021 (Ref: 21).

A selection of payments were examined from April – September 2021 for compliance with the Council's Financial Regulations and all were found to be in order.

Fidelity Cover: £500,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept ie £751,304.

Recommendation: To review the level of Fidelity cover.

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:

External audit report

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 *14/6/2021*

End Date *23/7/2021*

It is noted that the form used to publish the exercise of public rights is not the statutory notice, which is available from the PKF website. It is suggested that the correct form is used for the 2021-2022 external audit.

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 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 bank statements.

Petty Cash	Associated books and established system in place <i>A satisfactory petty cash system is in place (£100 limit) with supporting paperwork. A sample of receipts were examined from April 2021 to September 2021 and cross referenced with vouchers and the cash book. Petty Cash reconciliations are in place from April – September 2021. A robust recording system is in place.</i>												
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 <i>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced.</i> <i>An examination will be carried out at the year end.</i>												
Asset control	Inspection of asset register and checks on existence of assets Cross checking on insurance cover <i>A separate asset register is in place and a review has been undertaken during the year (Ref: 4/5/2021 – item 24). A further examination will be undertaken at the year end audit.</i>												
Bank Reconciliation	Regularly completed and cash books reconcile with bank statements <i>All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with bank reconciliations for all accounts.</i> <i>Bank Balances were confirmed as:</i> <table><tr><td><i>Lloyds Business</i></td><td><i>xxxx2286</i></td><td><i>£14,121.96</i></td><td><i>(27/9/2021)</i></td></tr><tr><td><i>Lloyds Deposit</i></td><td><i>WITHAMCOUN</i></td><td><i>£221,721.28</i></td><td><i>(30/9/2021)</i></td></tr><tr><td><i>Unity Trust</i></td><td><i>xxxx4430</i></td><td><i>£648,777.37</i></td><td><i>(30/9/2021)</i></td></tr></table>	<i>Lloyds Business</i>	<i>xxxx2286</i>	<i>£14,121.96</i>	<i>(27/9/2021)</i>	<i>Lloyds Deposit</i>	<i>WITHAMCOUN</i>	<i>£221,721.28</i>	<i>(30/9/2021)</i>	<i>Unity Trust</i>	<i>xxxx4430</i>	<i>£648,777.37</i>	<i>(30/9/2021)</i>
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Reserves	General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified <i>To be carried out at the year end audit.</i>												
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 audit.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2021 year end Internal Audit report was considered by the Council at a meeting held on 28/6/2021 (Ref: 49).

External Audit

The Council formally approved the 2021 AGAR at a meeting of the full Council held on 28/6/2021 (Ref: 50 & 51).

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

'We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2021-2022 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2021-2022 and ensure that it makes proper provision for the exercise of public rights during 2022-2023.'

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 4/5/2021. The first item of business 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 and Deputy Clerk to the Council for their assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
19 October 2021

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INVOICE

To:

Witham Town Council
Town Hall
Newland Street
Witham
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CM8 2FE

Invoice No: HL9203

Date: 19 October 2021

Details	Quantity	Amount (£)	Total (£)
To carry out Interim Internal Audit for Witham Town Council for the year ended 31 March 2022	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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