Interim Internal Audit Report for Witham Town Council – 2020/2021

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 (1/4/2020 – 30/9/2020)
Registered: No

General Power of Competence: Yes

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

The minutes reflect councillors' declarations of pecuniary and non-pecuniary declarations.

The Council adopted a Social Media policy on 6/7/2020 (Ref: 143).

With the exception of the Community Committee, who met on 30/11/2020, there have been no committee meetings during this financial year. The full Council have continued to meet virtually.

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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 Exp: 21/8/2021)

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 Assessment, including Internal Controls are due to be reviewed prior to the 31/3/2021.

Reminder: *To undertake a formal review of the Risk Assessment and Internal Controls prior to 31/3/2021.*

The Year End Financial Risk Assessment was undertaken on 15/7/2020 by the Financial Scrutiny Panel.

The Council have effective internal financial controls in place. Cheque stubbs on the Lloyds account are initialled by signatories, however, the majority of payments are now processed via online banking. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

In accordance with Financial Regulation 5.3 payments exceeding £4,000 are approved by 3 signatories. Online banking safeguards are in place.

Fidelity Cover: £500,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept (ie £662,000).

Recommendation: *To review the level of Fidelity cover in line with the recommended guidelines.*

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
2019 Annual Return, Section Three Published – Not received from the External Auditor at the time of the Interim Audit.

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

Notice of period for the exercise of public rights for 2019-2020
Published – Yes

Period of Exercise of Public Rights

Start Date 17/6/2019 End Date 26/7/2019

The publication of the Notice on the Council's website for the 2020-2021 financial year will be examined at the year end audit.

Budgetary controls Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £624,473 (2020-2021) Date: 20/1/2020 (Ref: 94)

Effective budgetary procedures are in place. The 2020-2021 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

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 April – October 2020. 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 *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. The Council operate the LGPS.*
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 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.* *A further examination will take place as part of the year end Internal Audit.*
Reserves	General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified *To be carried out at the year end.*
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 2020 Year End Internal Audit report was considered by the Council at a meeting held on 2/6/2020 (Ref: 117).*
External Audit	*The External Auditor's report has not yet been received. This will be examined at the year end Internal Audit.*

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Additional Comments/Recommendations

- Due to the Coronavirus pandemic the requirement to hold the Annual Town Council meeting was removed until May 2021. The Council resolved at a meeting held on 5/5/2020 (Ref: 102.a) to defer the Annual Town Council meeting until May 2021. In the interim, all current positions would be held over for a further year.
- I would like to take this opportunity to congratulate the Council on the improvements to the Council Chamber, the Information Centre and especially the website, which is user friendly and informative.
- 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
4 December 2020

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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: HL9132	
Date: 4 December 2020	

Details	Quantity	Amount (£)	Total (£)
To carry out Interim 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.

HEELIS&LODGE

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