

HEELIS&LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Witham Town Council – 2021/2022

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 19/10/2021. The following recommendations/comments have been made:

Income: £863,825 Expenditure: £733,170 Reserves: £541,959

AGAR Completion:

Section One: [Yes - unsigned](#)

Section Two: [Yes - unsigned](#)

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

Standing Orders in place: [Yes](#)

Reviewed: [16/5/2022 \(Ref: 17\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [16/5/2022 \(Ref: 17\)](#)

VAT reclaimed during the year: [Yes](#)

Submission date: [17/5/2022](#)

Period: [1/1/20221 – 31/3/2022](#)

Amount: [£9,290.84](#)

Registered: [No](#)

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

[The following policies were reviewed and approved at a meeting held on 29/3/2022 \(Ref: 58\):](#)

- [Training](#)
- [Data and Document Retention](#)
- [Extended Procurement Process](#)
- [Freedom of Information](#)
- [Registration of Gifts](#)
- [Publication Scheme](#)

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- *General Privacy Notice*

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. The End of Year Financial Risk Assessment, including Internal Controls were reviewed by the Scrutiny Panel on 10/3/2022 and reported to the Policy and Resources Committee at a meeting held on 29/3/2022 (Ref: 61). An Interim Financial Risk Assessment was undertaken by the Scrutiny Panel on 9/9/2021.

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.

Bank signatories were appointed at the meeting held 16/5/2022 (Ref: 20).

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £679,744 (2021-2022) Date: 18/1/2021 (Ref: 250)
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

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A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from November 2021 to March 2022 and cross referenced with vouchers and the cash book. All were found to be in order.

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. All supporting paperwork is in place and a P60 has been produced as part of the year end process. Eligible employees have joined the Local Government pension scheme.

Audit trails were carried out on a sample of employees. All were found to be in order.

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. The total value of assets are recorded at £1,139,671. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

It is noted that Section 2, Box 9 (2021) has been corrected due to a depreciated figure being entered in the 2021 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 Business</i>	<i>xxxx2286</i>	<i>£13,712.69</i>
<i>Lloyds Deposit 95 Day</i>	<i>WITHAMCOUN</i>	<i>£371,762.33</i>
<i>Unity Trust</i>	<i>xxxx4430</i>	<i>£159,420.95</i>

Reserves

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

The Council have adequate general reserves (£301,699) and have identified earmarked reserves (£240,260) in their year end accounts.

The Council reviewed their Investment Policy at a meeting held on 16/5/2022 (Ref: 26).

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 2022 Interim Internal Audit report was considered by the Council at a meeting held on 29/11/2021 (Ref: 41).

A review of the effectiveness of the Internal Audit was carried out on

Heelis & Lodge were appointed as Internal Auditor for the financial year 2022-2023 at a meeting held on 16/5/2022 (Ref: 24).

External Audit

The External Auditor's report was considered at a meeting held on 18/10/2021 (Ref: 127).

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

Other matters not affecting our opinion which we draw to the attention of the authority:

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 2021/22 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 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23.

It is noted that the 2021-2022 Annual Governance Statement, Assertion 4, has been completed in accordance with the above instructions.

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 to the Council for her assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
30 May 2022