

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Canvey Island 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:

Income: £311,093 Expenditure: £273,692 Reserves: £255,805

AGAR Completion:

Section One: Yes - signed

Section Two: Yes - signed

Annual Internal Audit Report 2022/2023: Yes

Certificate of Exemption: No

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Council hold the General Power of Competence and LGAs137 does not apply. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. The Council continue to use RBS Omega which provides clear and comprehensive reports. All payments are now made electronically.

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: 23/5/2022 (Ref: CO/014/22) and 17/10/2022 (Ref: CO8/081/22)
Financial Regulations in place: Yes
Reviewed: 23/5/2022 (Ref: CO/014/22).

VAT reclaimed during the year: Yes Registered: No

5/4/2023	£5,320.94
17/1/2023	£6,945.70
19/12/2022	£5,179.21
3/8/2022	£5,535.02

General Power of Competence: Yes

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There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.

Terms of Reference are in place for all Committees. These were reviewed at the annual meeting held on 23/5/2022 (Ref: CO/011/22).

The Council adopted the Health & Safety Policy at a meeting held on 23/5/2022 (Ref: CO/018/22).

The Council adopted the new Code of Conduct on 23/5/2022 (Ref: CO/023/22).

The following policies were reviewed and approved at a meeting of the Policy and Finance Committee held on 18/7/2022 (Ref: P&F/008/22):

- *Planning Policy*
- *Equality and Diversity Policy*
- *Shared Parental Leave Procedure*

The following policies were reviewed and approved at a meeting held on 21/11/2022 (Ref: P&F/018/22):

- *Casual Vacancy/Co-option Policy*
- *Biodiversity Statement*
- *Crime and Disorder Policy*

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: Z2928182)

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 Management Assessment and Internal Controls were reviewed at a meeting held on 18/7/2022 (Ref: P&F/006/22).

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 reviewed at the annual meeting held on 23/5/2022 (Ref: CO/017/22.iii) and again on 20/2/2023 (Ref: P&F/028/22.vi).

An External Fire Risk Assessment has been carried out and recommendations noted at a meeting held on 21/11/2022 (Ref: P&F/017/22).

Fidelity Cover: £1,000,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.

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: <https://www.canveyisland-tc.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 29/6/2022

End Date 9/8/2022

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGAR's for the five years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 on their website.

The Council have met the publication requirements.

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £274,174 (2023-2024)

Date: 12/12/2022 (Ref: CO/104/22)

Precept: £263,337 (2022-2023)

Date: 17/1/2022 (Ref: CO/114/21)

Effective budgetary procedures are in place. The budget was prepared and considered at the Policy and Finance meeting held on 21/11/2022 (Ref: P&F/016/22).

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 March 2023 and cross referenced with vouchers and the cash book.

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: 662/EA14820

P60s issued: Yes

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place and P60s have been produced as part of the year end process. A selection of transactions across the year were examined for accuracy and all was found to be in order. It is noted that employees now use an online portal to access payslips, P60s and other information.

Eligible employees have joined the nominated pension scheme. Re-declaration of compliance with the Pensions Regulator was last acknowledged on 2/3/2022.

Asset control

Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

A separate asset register is in place and was reviewed at the annual meeting held on 23/5/2022 (Ref: CO/017/22.iv). Values are recorded at cost value. The total value of assets are recorded at £163,256. 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:

Co-op Current	xxxx2854	£161,740.95
Hampshire Trust Bond	xxxx0678	£90,687.36
Petty Cash		£200.00

Reserves

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

The Council have adequate general reserves (£251,180) and have identified earmarked reserves (£4,624) in their year end accounts. A Reserves Policy is in place (adopted June 2015) and is due for review in July 2023.

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.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2022 Internal Audit report was considered by the Council at a meeting held on 27/6/2022 (Ref: CO/038/22).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 20/2/2023 (Ref: P&F/028/22).

External Audit

The Council formally approved the 2022 AGAR at a meeting of the full Council held on 27/6/2022 (Ref: CO/039/22 and CO/040/22).

The Council formally approved the 2023 AGAR at a meeting held on 15/5/2023 (Ref: CO/023/23).

The External Auditor's 2022 report was considered at a meeting held on 17/10/2022 (Ref: CO/082/22).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 23/5/2022. The first item of business was the Election of Chairman, 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 documentation presented for the audit.



Heather Heelis
Heelis & Lodge
22 May 2023