

# HEELIS&LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Canvey Island Town Council – 2020/2021**

The following Internal Audit was carried out on the adequacy of systems of control. The following recommendations/comments have been made:

Income: £265,685    Expenditure: £262,147    Reserves: £224,268

#### AGAR Completion:

Section One: Yes

Section Two: Yes – NB Box 11 requires a tick in the 'No' box.

Annual Internal Audit Report 2020/2021: 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.*

**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: 4/5/2021 (Ref: CO/014/21)  
Financial Regulations in place:    Yes  
Reviewed: 4/5/2021 (Ref: CO/014/21)

VAT reclaimed during the year:    Yes    Registered: No

14/4/2021	1/1/2021 – 31/3/2021	£6,245.36
22/1/2021	1/10/2020 – 31/12/2020	£5,697.03
4/11/2020	1/7/2020 – 30/9/2020	£4,693.02
12/8/2020	1/4/2020 – 30/6/2020	£4,360.31

General Power of Competence: Yes

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

## **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 Assessment, including Internal Controls were reviewed at a meeting held on 28/9/2020 (Ref: P&F/006/20).*

*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.*

*The annual review of policies was undertaken at a meeting held on 19/4/2021 (Ref: P&F/023/20).*

*The Health & Safety Policy was approved at the Annual meeting of the Town Council held on 4/5/2021 (Ref: CO/018/21).*

*Bank signatories were reviewed at the Annual meeting of the Town Council held on 4/5/2021 (Ref: CO/017/21.iii)*

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: [www.canveyisland-tc.gov.uk](http://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(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 15/6/2020                      End Date 24/7/2020

*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: £251,920 (2021-2022)                      Date: 11/1/2021 (Ref: CO/097/20)  
Precept: £250,024 (2020-2021)                      Date: 25/11/2019 (Ref: CO/065/19)

*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.*

*It is noted that the Band D Tax base increased following the precept resolution by the full Council on 25/11/2019, resulting in an increase in the precept request to £251,709.*

#### **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 2020 to March 2021 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 PAYE Reference: 662/EA14820

*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.*

*It is noted that the Council undertook a review of salaries at a meeting held on 1/12/2020 (Ref: PER/011/19).*

**Asset control**

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

*A separate asset register is in place. A review of the asset register was carried out at the Annual meeting of the Town Council held on 4/5/2021 (Ref: CO/017/21.iii)*

*Values are recorded at cost value. The total value of assets are recorded at £137,356. 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>Current</i>	<i>xxxx2854</i>	<i>£138,213.56</i>
<i>Business Investment</i>	<i>xxxx9514</i>	<i>£nil</i>
<i>Business Bond</i>	<i>xxxx0678</i>	<i>£88,932.51 (12/2/2021)</i>
<i>Petty Cash</i>		<i>£200.00</i>

**Reserves**

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

*The Council have adequate general reserves (£194,268) and have identified earmarked reserves (£30,000) 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.*

**Sole Trustee**

The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

**Internal Audit Procedures**

*The 2020 Internal Audit report was considered by the Council at a meeting held on 27/7/2020 (Ref: CO/020/20).*

*The effectiveness of the Internal Audit was reviewed at a meeting held on 28/9/2020 (Ref: P&F/006/20).*

**External Audit**

*The Council formally approved the 2020 AGAR at a meeting of the full Council held on 8/6/2020 (Ref: CO/008/20 & CO/009/20).*

*The External Auditor's report was considered at a meeting held on 7/9/2020 (Ref: CO/034/20).*

*There were no matters arising from the External Audit.*

**Additional Comments/Recommendations**

- Due to the Coronavirus pandemic the requirement to hold the Annual Town Council meeting was removed until May 2021.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to Julie for her assistance during the course of the audit work and a well presented set of audit documents.



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HEELIS&LODGE  
2 June 2021

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