

# HEELIS & LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Canvey Island 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:

Income: £265,388    Expenditure: £271,253    Reserves: £218,403

#### AGAR Completion:

Section One: Yes - unsigned

Section Two: Yes - unsigned

Annual Internal Audit Report 2021/2022: 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: 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 (Quarterly)      Registered: No

General Power of Competence: Yes

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

*Committee Terms of Reference were reviewed at the Annual Meeting held on 4/5/2021 (Ref: CO/010/21).*

*The Council have a comprehensive suite of policies in place including a review schedule.*

## **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 26/7/2021 (Ref: P&F/007/21)*

*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 and confirmed at the Annual Meeting held on 4/5/2021 (Ref: CO/017/21.iii).*

*The External Fire Risk Assessment was considered at a meeting held on 13/12/2021 (Ref: P&F/018/21). It was noted that all action points had been completed.*

*It is noted that the Council have invested in staff training during the year.*

*Debit Card payments were examined between April 2021 and March 2022. Log sheets are complete with supporting paperwork.*

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** councils must publish on their website:

External audit report

*2021 Annual Return, Section One Published – Yes*

*2021 Annual Return, Section Two Published – Yes*

*2021 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 14/6/2021

End Date 23/7/2021

## 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: £263,337 (2022-2023)

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

*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

*A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from April 2021 to March 2022 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. It is noted that the Council changed payroll provider during the year (Ref: 26/7/2021 – item P&F/010/21.ii). All supporting paperwork is in place and P60s have been produced as part of the year end process. Eligible employees have joined the Local Government Pension Scheme.*

*It is noted that the Council undertook a review of salaries at a meeting held on 22/11/2021 (Ref: PER/006/21).*

*The Council have resolved not to exercise the power to pay allowances to councillors.*

*Payroll trails were examined on a selection of staff over the year and 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 and was reviewed at the Annual Meeting held on 4/5/2021 (Ref: CO/017/21.iv). Values are recorded at cost value. The total value of assets are recorded at £152,618. 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>Co-op Current</i>	<i>xxxx2854</i>	<i>£135,117.74</i>
<i>Hampshire Trust Bond</i>	<i>xxxx0678</i>	<i>£89,603.16</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 (£218,403) and have no identified earmarked reserves in their year end accounts. It is noted that the Reserves Policy is next due for review in 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. The Trial Balance agrees.*

**Sole Trustee**

The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

**Internal Audit Procedures**

*The 2021 Internal Audit report was considered by the Council at a meeting held on 28/6/2021 (Ref: CO/045/21).*

*A review of the effectiveness of the Internal Audit was carried out as part of the Internal controls review.*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 9/5/2022 (Ref: P&F/028/21).*

**External Audit**

*The Council formally approved the 2021 AGAR at a meeting of the full Council held on 4/5/2021 (Ref: CO/020/21 - CO/021/21).*

*The External Auditor's report was considered at a meeting held on 18/10/2021 (Ref: CO/082/21).*

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

### **Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 4/5/2021. 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



**Heather Heelis**  
**Heelis & Lodge**  
14 June 2022