

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Canvey Island Town Council – 2018/19

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

Income: £259,633 Expenditure: £294,503 Reserves: £261,852

AGAR Completion:

Section One: **No**

Section Two: **No – draft figures available**

Annual Internal Audit Report 2018/19: **Yes**

Certificate of Exemption: **No**

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

All were found to be in order. VAT payments are tracked and identified within the year end accounts. LGAs137 is not used as the Council operate under the General Power of Competence. 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: **30/4/2018 (Ref: P&F/0041/17) and 5/11/2018 (Ref: P&F/021/18)**

Financial Regulations in place: **Yes**

Reviewed: **21/5/2018 (Ref: CO/020/18)**

VAT reclaimed during the year: **Yes** Registered: **No**

General Power of Competence: **Yes**

(Eligibility reconfirmed at a meeting held on 13/5/2019 – Ref: CO/013/19)

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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

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 new Data Protection Regulations, Data Protection forms part of the Council's Risk Assessment.

Privacy Policy published: Yes – published on the website

The following were approved at a meeting of the P&R Committee held on 30/4/2018 (Ref: P&F/0041/17):

- *Information & Data Protection Policy*
- *Privacy Notices*
- *Document Retention & Disposal Policy*
- *Publication Scheme*
- *Freedom of Information Request Policy*
- *Computer & Information Security Policy*
- *Model Standing Orders*

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls were reviewed at a meeting held on 23/7/2018 (Ref: P&F/008/18).

The annual play area inspection was undertaken during the year.

The Council have a comprehensive suite of policies in place covering the activities of the Council. Risk Management is embedded in policies.

A Fire Risk Assessment has been undertaken and the recommendations considered at a meeting held on 5/11/2018 (Ref: P&F/018/18).

Bank signatories were reviewed at a meeting held on 21/5/2019 (Ref: CO/022/18 iii).

The Council have robust internal financial controls in place. Cheque stubbs and invoices are initialled by signatories. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £1,000,000

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

Transparency Code Compliance for smaller councils with income/expenditure under £25,000. Smaller authorities should publish on their website from 1 April 2015:

Smaller Council: **No**
Website: 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.

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

Precept: £242,538 (2019-2020) Date: 26/11/2018 (Ref: CO/079/18)
Precept: £242,538 (2018-2019) Date: 27/11/2017 (Ref: CO/062/17)

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. Receipts were examined between April 2018 – March 2019 and cross referenced with 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**

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced with the payroll company undertaking the salary payments.

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 a meeting held on 21/5/2019 (Ref: CO/02/18 iv). Values are recorded at cost value. The total value of assets are recorded at £118,727). 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 31/3/2019 were confirmed as:

<i>Co-op Community Directplus</i>	<i>xxxx2854</i>	<i>£145,685.21</i>
<i>Nationwide BS</i>	<i>xxxx9514</i>	<i>£24,755.72</i>
<i>Hampshire Trust</i>	<i>xxxx7667</i>	<i>£86,098.95</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 (£231,012) and have identified earmarked reserves (£30,840) in their year end accounts. The Council has a Reserves Policy in place which states that general reserves should not fall below 2 months' running costs (Ref: 6.2) and in extreme financial situations general reserves should not fall below the balance equivalent to pay one month's salaries. The level of general reserves meets the policy levels.

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 2018 Internal Audit report was considered by the Council at a meeting held on 23/7/2018 (Ref: P&F/007/18).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 30/4/2018 (Ref: P&F/039/17).

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External Audit

The External Auditor's report was considered at a meeting held on 5/11/2018 (Ref: P&F/019/18).

There were no matters arising from the External Audit and the statutory notice of the completion of audit has been advertised.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 21/5/2018, within the required timescale. 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
19 May 2019

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www.heelisandlodge.co.uk

INVOICE

To:

Canvey Island Town Council 11 High Street Canvey Island Essex SS8 7RB

Invoice No: HL9065
Date: 19 June 2019

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for Canvey Island Town Council for the year ended 31 March 2019	1	390.00	390.00
Total			390.00

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 72-00-00

Terms – 30 days

Thank you.

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