

# HEELIS&LODGE

Local Council Services • Internal Audit

## **Internal Audit Report for Canvey Island Town Council – 2019/2020**

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

Income: £256,067

Expenditure: £297,188

Reserves: £220,730

### AGAR Completion:

Section One: Yes – to be signed

Section Two: Yes - to be signed

Annual Internal Audit Report 2019/2020: 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: 13/5/2019 (Ref: CO/17/19)

Financial Regulations in place: Yes

Reviewed: 4/11/2019 (Ref: P&F/021/19/i)

VAT reclaimed during the year: Yes

Registered: No

General Power of Competence: Yes – adopted 13/5/2019 (Ref: CO/13/19)

*The Council undertook two tenders exceeding the £25,000 threshold during the year and both have been advertised on the Contract Finders website.*

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*Terms of Reference for Committees were reviewed and approved at a meeting held on 13/5/2019 (Ref: CO/013/19).*

## **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 on website: Yes

*Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls were reviewed at a meeting held on 4/11/2019 (Ref: P&F/020/19).*

*The Council have effective 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.*

*The annual play area inspection has been undertaken during the year (Ref: 16/12/2019 - 203545).*

*Bank signatories were confirmed at a meeting held on 13/5/2019 (Ref: CO/20/19/iii).*

*The Council have a comprehensive suite of policies and procedures in place.*

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:

- a) external audit report  
*2019 Annual Return, Section Three Published – Yes*

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

- b) notice of period for the exercise of public rights  
*Published – Yes*

Period of Exercise of Public Rights

Start Date 17/6/2019 End Date 26/7/2019

**Budgetary controls**  
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £242,538 (2019-2020) Date: 26/11/2018 (Ref: CO/079/18)  
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.*

**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 2019 to March 2020 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

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*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. The Council have joined the LGPS pension scheme.*

## **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 £125,659. 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 monthly. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.*

*Bank Balances at 31/3/2020 were confirmed as:*

<i>Current</i>	<i>xxxx2854</i>	<i>£136,067.21</i>
<i>Business Investment</i>	<i>xxxx9514</i>	<i>£24,953.76</i>
<i>Business Bond</i>	<i>xxxx0678</i>	<i>£87,519.58</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 (£191,253) and have identified earmarked reserves (£29,477) in their year end accounts.*

*The Council's Reserves Policy states that the minimum level of general reserves held by the Council should be two twelfths of the annual precept figure ie for the year ended 31/3/2020 in the region of £41,600. The level of general reserves at 31/3/2020 was above the minimum level.*

## **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 2019 Internal Audit report was considered by the Council at a meeting held on 15/7/2019 (Ref: P&F/006/19).*

**External Audit**

*The External Auditor's report was considered at a meeting held on 4/11/2019 (Ref: P&F/018/19).*

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

**Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 13/5/2019, within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- I would like to take this opportunity to congratulate the staff for a well presented set of documents for the audit.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Clerk of the Council for her assistance during the course of the audit work



**Heather Heelis**  
**Heelis & Lodge**  
2 June 2020