

HEELIS & LODGE

Local Council Services • Internal Audit

Internal Audit Report for Verwood 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: £422,097 Expenditure: £668,087 Reserves: £742,850

AGAR Completion:

Section One: **Yes - unsigned**

Section Two: **Yes - - unsigned**

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

All were found to be in order. VAT payments are tracked and identified within the year end accounts.

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.

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

Financial Regulations in place: **Yes**

Reviewed: **26/4/2022 (Ref: 293/21)**

VAT reclaimed during the year: **Yes**

Registered: **Yes (Ref: 26/4/2022 - 288/21)**

General Power of Competence: **No/Yes**

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

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The Council adopted the Civility and Respect Pledge at a meeting held on 27/9/2022 (Ref: 139/22/23).

The Council have adopted the new Code of Conduct (Ref: 27/9/2023 - 140/22/23).

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 - Z7918034

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. It is advised that, due to the financial risk associated with the new Data Protection Regulations, this should form part of the Council's Risk Assessment.

Recommendation: *To include reference to GDPR in the Council's Risk Assessment.*

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Health & Safety Risk Assessment was reviewed at a meeting held on 22/3/2023 (Ref: 247/22/23).

The Council have satisfactory 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.

Recommendation: *The Council should compile a financial risk assessment as soon as possible to ensure they have identified and mitigated any risks.*

Fidelity Cover: £500,000 (Fraud and Dishonesty)

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

Recommendation: *To review the level of Fidelity cover in line with the recommended guidelines.*

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.verwood.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 Inspection: 1/7/2022 – 11/8/2022

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: £383,600 (2023-2024)

Date: 31/1/2023 (Ref: 227/22/23)

Precept: £368,850 (2022-2023)

Date: 18/1/2023 (Ref: 180/21)

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 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: **049/V41**
P60s issued: **Yes**

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. Eligible employees have joined the nominated pension scheme.

It is noted that the Council undertook a review of salaries at a meeting held on 26/4/2022 (Ref: 293/21).

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 14/3/2023 (Ref: 255/22/23). Values are recorded at cost value. The total value of assets are recorded at £944,526. 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>Unity Trust</i>	<i>xxxx0934</i>	<i>£163,523.89</i>
<i>Unity Trust (Mayor)</i>	<i>xxxx0918</i>	<i>£5,030.50</i>
<i>Unity Trust (Current)</i>	<i>xxxx0921</i>	<i>£47,511.99</i>
<i>PSDF</i>	<i>xxxx0001PC</i>	<i>£100,000</i>
<i>Lloyds (Deposit #1)</i>	<i>32 Day</i>	<i>£154,878.99</i>
<i>Lloyds (Instant Access)</i>	<i>xxxx4558</i>	<i>£338,063.68</i>

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Lloyds (Deposit #2) 32 Day £100,047.97
Scottish Widows xxxx0999 £62,209.32

Reserves

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

The Council have adequate general reserves and have identified earmarked reserves in in their year end accounts.

An Investment Strategy is in place (Ref: 22/3/2023 - 256/22/23).

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 agreed.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is a Trustee of the Verwood Memorial Recreation Ground (Reg: 1055101).

The last annual submission of the accounts was 30/12/2022.

Internal Audit Procedures

The 2022 Internal Audit report was considered by the Council at a meeting held on 27/9/2022 (Ref: 142/22/23).

A review of the effectiveness of the Internal Audit was carried out on 22/3/2023 (Ref: 281/22/23).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 22/3/2023 (Ref: 250/22/23).

External Audit

The Council formally approved the 2022 AGAR at a meeting of the full Council held on 29/6/2022 (Ref: 072/22/23).

The External Auditor's report and comments were considered at a meeting held on 27/9/2022 (Ref: 142/22/23).

The following matters were brought to the attention of the Council:

The smaller authority has disclosed that it made proper provision during the year 2021/22 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this assertion. It has also disclosed that it took appropriate action on all matters raised in reports from internal and external audit, by answering 'Yes' to Section 1, Assertion 7, which, on the basis of the above, is not correct.

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Additional Comments/Recommendations

- The Annual Town Council meeting was held on 23/5/2022. The first item of business was the Election of Mayor, 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 their assistance during the course of the audit work and the quality of documentation presented for the audit.



Heather Heelis
Heelis & Lodge
22 August 2023

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Verwood Town Council

Invoice No: HL93781

Date: 22 June 2023

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for Verwood Town Council for the year ended 31 March 2023 £500,001 - £1m Banding	1	605.00	605.00
Total			605.00

Please make cheques payable to: Heelis & Lodge

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

Terms – 14 days

Thank you.

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