Interim Internal Audit Report for Newmarket 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:

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. Without a qualified Clerk, the General Power of Competence will last until the meeting following the next Ordinary Election (May 2023). Following this date the Clerk will need to have achieved the CiLCA, or other relevant qualification, for the Council to resolve to continue the use of GPC.

The Council operate the RBS Omega accounting software. 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

Standing Orders in place: Yes
Reviewed: 22/11/2021 (Ref: 21/11/12.09) F&P (Ref: F/21/11/14)
Financial Regulations in place: Yes
Reviewed: 22/11/2021 (Ref: 21/11/12.07) F&P (Ref: F/21/11/13)

VAT reclaimed during the year: Yes

1/4/2021 - 30/6/2021 £13,765.32
1/7/2021 – 30/9/2021 £17,665.11

Registered: Yes

General Power of Competence: Yes

Financial Regulations and Standing Orders are reviewed by the Finance and Policy Committee with recommendations to the full Council.

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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: ZA090217)

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 and was reviewed at a meeting of the full Council on 24/5/2021 (Ref: 21/05/19.01). Insurance was renewed on 7/1/2022. The Statement of Internal Controls was reviewed at a meeting of the Finance and Policy Committee on 22/4/2021 (Ref: F/21/04/10.01) and ratified at a meeting of the full Council held on 26/4/2021 (Ref: 21/04/13.2). The Risk Management Scheme was last reviewed at a meeting of the full Council held on 25/1/2021 (Ref: 21/01/14.05).

Reminder: *To ensure the annual review of the Risk Management Scheme is carried out prior to 31/3/2022.*

Recommended inclusions in the Risk Management Scheme:

Precept	*Not paid by District Council*	***Maintain adequate general reserves to meet any delay in payment***
Data Protection	*Security of data* ***Risk: breach of data/financial penalties***	
Petty Cash	*Allowed up to the sum of* ***£250***	

The Council have good 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 Chairman of the Finance and Policy Committee signs off the bank reconciliation each month to confirm scrutiny of the individual accounts.

Monthly payment schedules are scrutinised by the Finance and Policy Committee prior to approval at the full Council meetings.

A monthly Health and Safety report is considered by the Finance and Policy Committee.

The annual play area inspection has been undertaken during the year (Ref: 7/6/2021 – item CL/21/06/9).

A selection of transactions were examined from April 2021 – December 2021 for accuracy and audit trail. All were found to be in order.

Fidelity Cover: £500,000

The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept, ie £470,000 + £330,000 = £800,000

Recommendation: *To review the level of Fidelity cover.*

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.newmarket.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:

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 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 14/6/2021 End Date 23/7/2021

The Council have met the AGAR publishing requirements for the audit year of 2021-2022.

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

Precept: £665,114 (2021-2022) Date: 21/12/2020 (Ref: 20/12/12.01)

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.

Cemetery fees and charges were reviewed at a meeting held on 6/4/2021 (Ref: CL/21/04/6.02 and ratified at the full Council meeting held on 26/4/2021 (Ref: 21/04/10.02).

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 December 2021 and cross referenced with vouchers and the cash book. Limit £150 (Ref: Risk Management Scheme/£250 Financial Regulations). Regular reconciliations are undertaken. VAT is recorded on petty cash payments.

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: 126/N254

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is managed in house. Supporting paperwork is in place. The Council have joined the People's Pension scheme.

It is noted that the Council undertook a review of salaries at a meeting held on 12/7/2021 (Ref: H/21/07/11).

A selection of payments were examined for audit trail purposes and all was 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. Valuation basis appears to be cost value. The asset register is currently a relatively generic document. It is ***suggested*** *that the Council may like to hold a more detailed register in addition to the published register, containing more detail on the assets eg location, purchase date (where known), disposal date, quantities, asset details (such as play equipment), which would result in a comprehensive record of assets.*

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 December 2021 were confirmed as:

Unity Trust Current #1	*xxxx4770*	*£580,659.94*
Petty Cash		*£74.45*
Barclaycard		*(£1,332.88)*
Unity Trust Current #2	*xxxx9458*	*£15,392.86*

Reserves

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

To be carried out at the year end. It is noted that the general reserves balance is set at 25% of net turnover (Ref: Risk Management Scheme).

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.

To be carried out at the year end.

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 24/5/2021 (Ref: 21/05/23). It was noted that there were no matters arising that required any formal comment or recommendation.

A review of the effectiveness of the Internal Audit was carried out at the Finance and Policy Committee meeting held on 16/8/2021 (Ref: F/17/08/9).

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	Heelis & Lodge were appointed as Internal Auditor at a meeting held on 23/8/2021 (Ref: 21/08/15.02) following a recommendation by the Finance and Policy Committee on 16/8/2021 (Ref: F21/08/09.01).
External Audit	*The Council formally approved the AGAR at a meeting of the full Council held on 24/5/2021 (Ref: 21/05/24.01).* *The External Auditor's report was considered at a meeting held on 27/9/2021 (Ref: 21/09/18).* *There were no matters arising from the External Audit.*

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 24/5/2021. The first item of business was the Election of Town 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 her assistance during the course of the audit work and for a set of well-presented documentation.

Heather Heelis
Heelis & Lodge
17 January 2022

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