

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Ely City Council – 2020/2021

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

All were found to be in order. LGAs137 and VAT payments are tracked and All were found to be in order. VAT payments are tracked and identified within the accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced with date, cheque number and minutes page. The Council continue to use the RBS Omega software package.

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: 21/1/2021

Financial Regulations in place: Yes

Reviewed: 21/1/2021

VAT reclaimed during the year: Yes Registered: Yes

General Power of Competence: No

It is noted that a number of grant awards were made to organisations (Ref: 19/10/2020 – Item 11.i) using the LGA 1972 s137 power. Several of the grants would come under other powers that the Council are able to use. LGA s137 should only be used as a last resort where no other power can be found, and subject to any exclusions.

Recommendation: To identify specific powers when awarding grants.

It is noted that the Grants Policy adopted at a meeting of the PF&G held on 7/12/2020 relates solely to LGA 1972 s137 expenditure. If this is the case then it appears that grants to organisations that fall under other powers eg The

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Museum (s145) would be excluded, which I am sure is not the intention of the policy.

Recommendation: *To exclude the reference to LGA 1972 s137 from the Grants Policy.*

The Council has a comprehensive suite of policies in place.

Terms of Reference are in place for committees.

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: Z8969819)

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 procedures were reviewed at a meeting held on 18/1/2021 (Ref: 17) and is due for approval at the next full Council meeting.

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.

Signatories were reviewed and authorised at a full Council meeting held on 13/7/2020 (Ref: 9).

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.cityofelycouncil.org.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

2019 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 **15/6/2020**

End Date **24/7/2020**

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £613,419 (2021-2022)

Date: 7/12/2020 (Ref: PF&G item 5)
11/1/2021 (Ref: 11. (i))

Precept: £601,391 (2020-2021)

Date: 2/12/2019 (Ref: PF&G item 4)
16/12/2019 (Ref: 11. (i))

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	<p>Precept and other income, including credit control mechanisms</p> <p><i>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.</i></p> <p><i>Cemetery fees were reviewed regarding non-parishioner burials (Ref: 22/6/2020 – item 6.3).</i></p>
Petty Cash	<p>Associated books and established system in place</p> <p><i>A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from April 2020 to November 2020 and cross referenced with vouchers and the cash book.</i></p>
Payroll controls	<p>PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment</p> <p>PAYE System in place: Yes</p> <p><i>The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place. The Council are signed up to the Cambs County Council pension scheme.</i></p> <p><i>A further examination will be carried out at the year end.</i></p>
Asset control	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p><i>To be carried out at the year end.</i></p>
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>All were in order. Bank Reconciliations are carried out regularly.</i></p>
Reserves	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p><i>To be carried out at the year end.</i></p>
Year-end procedures	<p>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.</p> <p><i>To be carried out at the year end.</i></p>

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The year end 2020 Internal Audit report was considered by the Council at a meeting held on 5/5/2020 (Ref: 17).

External Audit

The External Auditor's report was considered at a meeting held on 7/9/2020 (Ref: 15).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual City Council meeting was held on 13/7/2020. The first item of business was the Election of Chairman, in accordance with Standing Orders. It is noted that due to Covid-19 the requirement to hold an annual meeting was deferred to May 2021, therefore holding the meeting in July was within the required timescale.
- 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



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26 January 2021