

Cyngor Tref Treffynnon Holywell Town Council

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NOTE: The following meeting will be held remotely. If members of the public wish to observe they should email the Clerk town.clerk@holywell.wales for further guidance.

16th July 2021

To: Members of the Resources Committee

Mayor (ex-officio) and Councillors S. Delaney, I. Hodge, P.A. Johnson, M. Lewis-Jones, B. Scragg, and A. Trumper.

Dear Councillors,

Notice is given that a meeting of the **RESOURCES COMMITTEE** will be held **REMOTELY** on **WEDNESDAY 21st JULY 2021** at **3.00pm** to transact the business specified in the agenda set out below.

Yours faithfully

J. Baker
Town Clerk & Financial Officer

AGENDA

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST

Members are reminded that they must declare the existence and nature of their declared personal interests.

3. BANK RECONCILIATION QUARTER 1 – 30th JUNE 2021

To receive and note the attached bank reconciliation statements for the period to 30th June 2021. Clerk to report.

4. MANAGEMENT ACCOUNTS QUARTER 1 – 30th JUNE 2021

To review and note the attached accounts for the period to 30th June 2021.
Clerk to report.

5. REVIEW OF INTERNAL AUDIT REPORT – 2020/21

The year-end internal audit was completed in June 2021 and is attached.
Members to consider any issues arising and audit recommendations. Clerk to report.

6. STAFF WELFARE & WELLBEING

Members to further consider the provision of a suitable health plan for Council employees. The Clerk has previously circulated the outline proposal and associated costs from the health plan provider.

Holywell Town Council 2021/2022

Bank - Cash and Investment Reconciliation as at 30 June 2021

Confirmed Bank & Investment Balances

Bank Statement Balances

30/06/2021	Current Bank A/c 11008722	142,580.07	
30/06/2021	Moneymarket Bond	41,290.94	
			183,871.01

Receipts not on Bank Statement

0.00

Closing Balance

183,871.01

All Cash & Bank Accounts

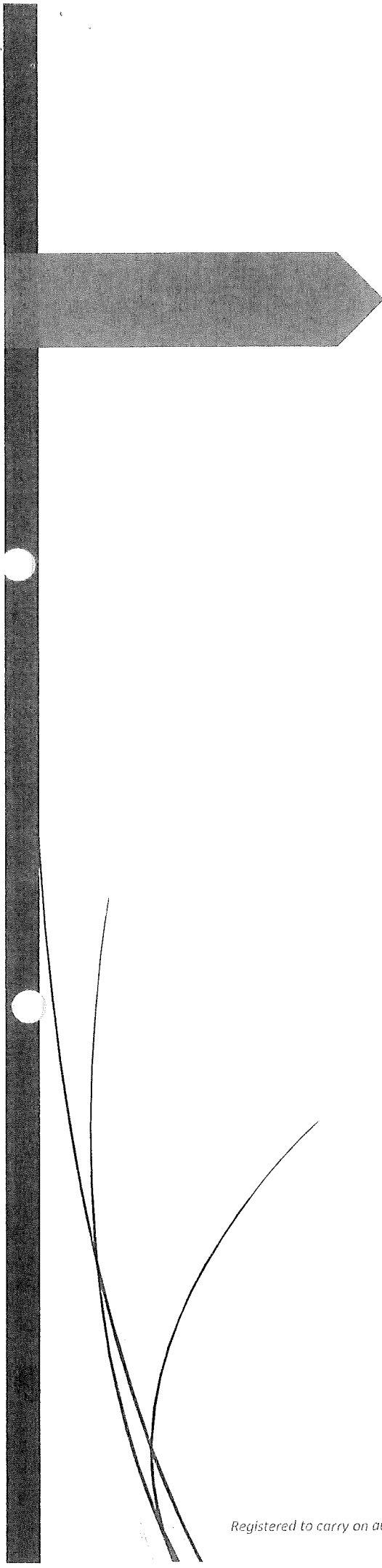
1	Current Bank A/C 11008722	142,580.07
2	Moneymaster CLOSED	0.00
3	Moneymarket Bond A/C 00710997	41,290.94
	Other Cash & Bank Balances	0.00
	Total Cash & Bank Balances	183,871.01

Bank Reconciliation Statement as at 30/06/2021
for Cashbook 1 - Current Bank A/c 11008722

<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Current Bank A/c 11008722	30/06/2021		142,580.07
			<u>142,580.07</u>
<u>Unpresented Cheques (Minus)</u>		<u>Amount</u>	
		0.00	
			<u>0.00</u>
			142,580.07
<u>Receipts not Banked/Cleared (Plus)</u>			
		0.00	
			<u>0.00</u>
			142,580.07
		Balance per Cash Book is :-	142,580.07
		Difference is :-	0.00

Bank Reconciliation Statement as at 30/06/2021
for Cashbook 3 - Moneymarket Bond 00710997

<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Moneymarket Bond	30/06/2021	198	41,290.94
			<u>41,290.94</u>
<u>Unpresented Cheques (Minus)</u>		<u>Amount</u>	
		0.00	
			<u>0.00</u>
			41,290.94
<u>Receipts not Banked/Cleared (Plus)</u>			
		0.00	
			<u>0.00</u>
			41,290.94
		Balance per Cash Book is :-	41,290.94
		Difference is :-	0.00



Holywell Town Council

Internal Audit
2020/21

JDH BUSINESS SERVICES LTD

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales

The internal audit of Holywell Town Council is carried out by undertaking the following tests as specified in the Annual Return for Local Councils:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year-end testing on the accuracy and completeness of the financial statements

The interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for local councils.

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations overleaf. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Ltd

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	Members have not been able to carry out reviews of payroll by comparing payments to underlying documentation due to the pandemic and the associated restrictions in place.	<i>It is important that periodic detailed checks of payroll costs by members is resumed as soon as possible.</i>	
2	Budgets and reserves: - There is an annual budget for election costs but there is no certainty as to whether there will be zero, one or more elections every year - The budgets for payroll are not analysed across the various payroll cost centres set up in the RBS ledger for management reporting	<i>The council should consider whether establishing an earmarked reserve for election costs would be appropriate rather than setting an annual budget for the item.</i> <i>The payroll costs should be analysed fully to the detailed payroll cost centres. This would improve the likelihood of identifying an anomaly with net pay, employer NIC or pensions costs as part of budgetary control reporting to members.</i>	
3	The risk assessment does not address the risks of supplier fraud. Most standard local council policies do not cover supplier fraud. The supplier fraud risks can be managed via appropriately robust policies and procedures. Examples of	<i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	prevention actions include: - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information. - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments. - checking address and financial health details with Companies House - checking samples of online payments to supplier invoices to ensure the payment		

	ISSUE	RECOMMENDATION	FOLLOW UP
	has been made to the supplier bank account		
	Interim internal audit		
1	The council Financial Regulations require the following with respect to medium term financial planning : <i>‘s3.2. The Council shall consider annual budget proposals in relation to the Council’s three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.’</i> However, there is currently no three year rolling financial plan in place.	<i>A rolling three year financial plan for revenue and capital should be developed as required by the Financial Regulations.</i>	
2	There was no cybersecurity policy in place at the time of the interim internal audit. A draft policy has now been developed for adoption by council.	<i>After adoption, the cybersecurity policy should be reviewed annually to ensure the latest cybersecurity risks and measures are incorporated into the policy.</i>	
3	The council is party to a number of contracts with varying lengths and conditions.	<i>The council should establish a contracts register which should be regularly reviewed to identify those contracts where the upcoming end date signifies that a tender or</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>quotation process is required, or whether a decision is needed regarding an extension which is provided for in the contract terms.</i>	
4	The VAT number of suppliers for material contracts are not verified before entering into the contract.	<i>A VAT fraud prevention check should involve verification of the VAT number and address details of a new major supplier before entering into a material contract.</i>	
2019/20 year end internal audit			
1	The council currently approves and accepts the recommendations of the Finance and Resources committee, including the annual risk assessment. Therefore, the council minutes do not actually state that the risk assessment is approved, although this is implied by the acceptance of the F&R committee resolutions.	<i>The full council minutes should state the annual risk assessment is approved.</i>	<i>Implemented - Risk assessment approved by council in 2020/21</i>
2	The adequacy of the level of earmarked reserves has not recently been formally reviewed by council as part of the annual budget setting process.	<i>The council should review earmarked reserves as part of the next budget setting process.</i>	<i>Earmarked reserves are clearly disclosed in the council Balance Sheet</i>