

HEELIS & LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Witham Town Council – 2024/2025

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2024 and should be read in conjunction with the Interim Internal Audit report dated 5/11/2024. The following recommendations/comments have been made:

Income: £1,121,845 Expenditure: £978,626 Reserves: £789,281

2025 AGAR Completion:

Section One: [To be approved by council](#)

Section Two: [Yes \(draft figures\) – to be approved by council](#)

Annual Internal Audit Report 2024/2025: [Yes](#)

Certificate of Exemption: [No](#)

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

VAT reclaimed during the year: [Yes](#)

Registered: [No – currently seeking VAT registration](#)

Submission Period:	Amount:	Submission:
01/04/2023-31/03/2024	£63,558.11	01/05/2024
01/04/2024-31/03/2025	£40,716.94	06/05/2025

[There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.](#)

[The following documents were reviewed since the Interim Internal Audit:](#)

[29/10/2024](#)

- [Sexual Harassment Prevention Policy \(Ref: 119\)](#)
- [Dignity at Work Policy \(Ref: 120.a\)](#)
- [Officer, Member Relations Policy \(Ref: 120.b\)](#)

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17/3/2025

- *Extended Public Procurement Process (Ref: 74.a)*
- *Fixed Asset and Asset Valuation Policy (Ref: 74.b)*
- *Freedom of Information Policy (Ref: 74.c)*
- *Public CCTV Policy (Ref: 74.d)*

10/12/2024

- *Public Artefact Donation Scheme (Ref: 65.a)*
- *Body Worn Cameras (Ref: 65.b)*
- *Vexatious Complaints Policy (Ref: 65.c)*
- *Lone Worker Policy (Ref: 65.d)*
- *Safeguarding Policy (Ref: 66)*

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

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.

The Financial Risk Assessment was reviewed at a meeting held on 31/3/2025 (Ref: 201) and the Risk Register on 29/10/2024 (Ref: 118).

Statement of Internal Controls in place: Yes
Adopted: 25/11/2024 (Ref: 134)

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.

The Financial Scrutiny Panel have undertaken Interim and End of Year Financial Risk Assessments (5/9/2024 and 13/3/2025 respectively) covering the following:

- *Budget Management*
- *Administration*
- *Policy and Internal Control*
- *Tenders*
- *Any Other Recommendations*

There were no matters of significance raised during the reviews.

Fidelity Cover: £1,000,000 (Fraud and Dishonesty)

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The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept based on the 2024-2025 year end ie £789,281 + £515,000 = £1,304,281.

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

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £1,037,265.74 (2025-2026) Date: 7/1/2025 (Ref: 154)
Precept: £942,473.57 (2024-2025) Date: 8/1/2024 (Ref: 157)

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.

The precept received corresponds with the AGAR, Section 2, Box 2 and the relevant minute.

Income controls

Precept and other income, including credit control mechanisms

All were found to be in order. Income controls were checked and a sample of income received and banked cross referenced with the supporting paperwork 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 January 2024 to March 2025 and cross referenced with vouchers and the cash book.

Due to the closure of the local Lloyds branch, it is noted that the Council are looking to move to a card payment system.

Payroll controls

PAYE and NIC in place where necessary.
Compliance with Inland Revenue procedures
Records relating to contracts of employment and pensions

PAYE System in place: **Yes**
Employer's Reference: **245/WW723**
P60s issued: **Yes**

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place and P60s have been produced as part of the year end process. An examination was undertaken on a sample of payroll records from January – March 2025. No irregularities were found.

Eligible employees have joined the nominated pension scheme. The last date of re-declaration of compliance was 19/11/2024. The next due date is 19/11/2027.

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 £1,211,912. 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>Lloyds Business</i>	<i>xxxx2286</i>	<i>£10,017.62</i>
<i>Lloyds Deposit</i>	<i>95 Day</i>	<i>£200,651.60</i>
<i>Unity Trust</i>	<i>xxxx4430</i>	<i>£26,583.41</i>
<i>Unity Trust</i>	<i>xxxx5851</i>	<i>£317,993.07</i>
<i>CCLA PSDF</i>	<i>xxxx8237</i>	<i>£190,000.00</i>
<i>Petty Cash</i>		<i>£64.09</i>

It is noted that a new account was opened in October 2024 with the CCLA.

The Council had no outstanding loans at the year end.

Reserves

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

The Council have adequate general reserves (£462,950) and have identified earmarked reserves of £326,331 in their year end accounts.

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.

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Local Council Tax Support Grant is excluded from Box 2: **NA**
Balance Sheet is correct: **Yes**
Trial Balance is correct: **Yes**

**Internal Audit
Procedures**

The 2024-2025 Interim Internal Audit report was considered by the Council at a meeting held on 25/11/2024 (Ref: 133).

Additional Comments/Recommendations

- 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 provided for the audit.



Heather Heelis
Heelis & Lodge
7 May 2025