

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Interim Internal Audit Report for Witham Town Council – 2023/2024**

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 2023. 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. LGA1972 s137 is not used as the Council use the General Power of Competence. VAT payments are tracked and identified within the accounts. The cashbook is referenced and supporting paperwork is in place and well referenced. The Council use the RBS Omega software which provides comprehensive reports and a clear audit trail.*

**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: 15/5/2023 (Ref: 18)  
Financial Regulations in place: Yes  
Reviewed: 5/9/2023 (Ref: 90) and 15/5/2023 (Ref: 19)

VAT reclaimed during the year: Yes Registered: No

*It is noted that the Council are currently reviewing their VAT status and may be registering for VAT in the 2023-2024 financial year.*

General Power of Competence: Yes Reaffirmed: 15/5/2023 (Ref: 22)

Code of Conduct adopted: 15/5/2023 (Ref: 20)

*There was one tender during the year that exceeded the £25,000 Public Contract Regulations threshold for a CCTV system. The tender process was followed and the tender advertised on the Contract Finders Website in accordance with the Regulations.*

*The Council adopted a Co-option Policy at a meeting held on 12/6/2023 (Ref: 41).*

*The Council reviewed its committee structure and approved the Scheme of Delegation at the annual meeting held on 15/5/2023 (Ref: 11 & 12).*

*The Council reviewed the Treasury & Investment Policy at the annual meeting held on 15/5/2023 (Ref: 26).*

*The following policies were reviewed at a meeting held on 26/6/2023 (Ref: 6):*

- *Attendance Policy*
- *Health & Safety Policy*
- *Biodiversity Policy*
- *Crime & Disorder Policy*
- *Social Media Policy for Members and Officers*

## **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: Z6922290)

### **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. Insurance is in place for the Council's agricultural vehicles. The Financial Risk Assessment was reviewed at a meeting held on 18/9/2023 (Ref: 23).*

*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.*

*Bank signatories were reviewed and approved at the annual meeting held on 15/5/2023 (Ref: 21).*

*The Council run a community voucher scheme to support local shops. Effective internal controls are in place for reimbursement and monitoring.*

*Effective internal controls are in place for BACS payments. BACS schedules are referenced, signed and supporting invoices countersigned.*

*An internal Financial Risk Assessment has been conducted by the Financial Scrutiny Panel on 8/9/2023 covering the following areas:*

- *Budget Management*
- *Administration*
- *Policy and Internal Control*
- *Tenders*

***Recommendation:*** *Due to the financial risk associated with the General Data Protection Regulations, the Council have included this in their Financial Risk Assessment. It is recommended that this is also included in the Risk Register.*

Fidelity Cover: £894,000

*The level of Fidelity cover is just below 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: <https://www.witham.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

*2023 Annual Return, Section One Published – Yes*

*2023 Annual Return, Section Two Published – Yes*

*2023 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 Exercise of Public Rights

Start Date **14/6/2023**

End Date **25/7/2023**

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGARs for the five years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 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: £797,941 (2023-2024) Date: 23/1/2023 (Ref: 170)

*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 alongside a sample of income received and banked.*

**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 2023 to September 2023 and cross referenced with vouchers and the cash book. Regular reconciliations are undertaken.*

**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: 245/WW723

*The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place and a P60 has been produced as part of the year end process. Eligible employees have joined the nominated pension scheme.*

*Audit trails were carried out on a sample for each month for the period April 2023 to September 2023 and all was found to be in order. Timesheets are completed and overtime claim forms are in place when required.*

***Recommendation:*** *It is noted that the payments made to event volunteers may be classed as taxable income. It is recommended that advice is sought to clarify the situation.*

Contact details : 1 Hembling Terrace, Mill Lane, Suffolk, IP13 0PP  
Tel: 07732 681125  
Email: heather@heelis.eu

Heather Heelis Dip HE Local Policy FILCM  
Lynne Lodge Dip HE Local Policy

<b>Asset control</b>	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p><i>A separate asset register is in place with a review undertaken on 15/5/2023 (Ref: 23). A further examination will take place at the year end audit.</i></p>																				
<b>Bank Reconciliation</b>	<p>Regularly completed and cash books reconcile with bank statements</p> <p><i>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.</i></p> <p><i>Bank Balances were confirmed as:</i></p> <table border="0" style="margin-left: 40px;"> <tr> <td><i>Lloyds Business</i></td> <td><i>xxxx2286</i></td> <td><i>£22,019.80</i></td> <td><i>(26/9/2023)</i></td> </tr> <tr> <td><i>Lloyds Deposit</i></td> <td><i>WITHAMCOUN</i></td> <td><i>£378,792.68</i></td> <td><i>(29/9/2023)</i></td> </tr> <tr> <td><i>Unity Trust</i></td> <td><i>xxxx4430</i></td> <td><i>£51,246.09</i></td> <td><i>(1/9/2023)</i></td> </tr> <tr> <td><i>Unity Trust</i></td> <td><i>xxxx5851</i></td> <td><i>£263,722.71</i></td> <td><i>(30/9/2023)</i></td> </tr> <tr> <td><i>Petty Cash</i></td> <td></td> <td><i>£3.52</i></td> <td><i>(31/8/2023)</i></td> </tr> </table>	<i>Lloyds Business</i>	<i>xxxx2286</i>	<i>£22,019.80</i>	<i>(26/9/2023)</i>	<i>Lloyds Deposit</i>	<i>WITHAMCOUN</i>	<i>£378,792.68</i>	<i>(29/9/2023)</i>	<i>Unity Trust</i>	<i>xxxx4430</i>	<i>£51,246.09</i>	<i>(1/9/2023)</i>	<i>Unity Trust</i>	<i>xxxx5851</i>	<i>£263,722.71</i>	<i>(30/9/2023)</i>	<i>Petty Cash</i>		<i>£3.52</i>	<i>(31/8/2023)</i>
<i>Lloyds Business</i>	<i>xxxx2286</i>	<i>£22,019.80</i>	<i>(26/9/2023)</i>																		
<i>Lloyds Deposit</i>	<i>WITHAMCOUN</i>	<i>£378,792.68</i>	<i>(29/9/2023)</i>																		
<i>Unity Trust</i>	<i>xxxx4430</i>	<i>£51,246.09</i>	<i>(1/9/2023)</i>																		
<i>Unity Trust</i>	<i>xxxx5851</i>	<i>£263,722.71</i>	<i>(30/9/2023)</i>																		
<i>Petty Cash</i>		<i>£3.52</i>	<i>(31/8/2023)</i>																		
<b>Reserves</b>	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p><i>The Council have adequate general reserves and identified earmarked reserves which are monitored .</i></p>																				
<b>Year-end procedures</b>	<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 covered at the year end audit.</i></p>																				
<b>Sole Trustee</b>	<p>The Council has met its responsibilities as a trustee</p> <p><i>The Council is not a sole trustee.</i></p>																				
<b>Internal Audit Procedures</b>	<p><i>The year end 2023 Internal Audit report was considered by the Council at a meeting held on 12/6/2023 (Ref: 36).</i></p> <p><i>Heelis &amp; Lodge were appointed as Internal Auditor at a meeting held on 15/5/2023 (Ref: 24).</i></p>																				
<b>External Audit</b>	<p><i>The Council formally approved the 2023 AGAR at a meeting of the full Council held on 12/6/2023 (Ref: 38 &amp; 39).</i></p>																				

*The External Auditor's report was considered at a meeting held on 2/10/2023 (Ref: 110).*

*There were no matters arising from the External Audit.*

**Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 15/5/2023. 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 her assistance during the course of the audit work and the quality of documentation presented for the audit.



**Heather Heelis**  
**Heelis & Lodge**  
17 October 2023