

HEELIS & LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Aylsham 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 and should be read in conjunction with the Interim Internal Audit report dated 14/12/2023. The following recommendations/comments have been made:

Income: £602,411.22 Expenditure: £636,176.33 Reserves: £353,006.07

AGAR Completion:

Section One: No

Section Two: Yes – draft figures

Annual Internal Audit Report 2023/2024: 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: Yes

Period:	Amount:
1/4/2023 – 30/6/2023	£11,101.39
1/7/2023 – 30/9/2023	£7,633.32
1/10/2023 – 31/12/2023	£10,172.83
1/1/2024 – 31/3/2024	£9,256.63

There were no tenders during the year that exceeded the £30,000 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

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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 a separate Data Protection Policy that reflects the risks, both financial and reputation, and the steps to take to minimise that risk.

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls, was reviewed at a meeting held on 7/2/2024 (Ref: 10.e).

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.

Fidelity Cover: £750,000

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: <https://www.aylsham-tc.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 28/6/2023

End Date 8/8/2023

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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. The AGARs for the 2018-2019 and 2019-2020 financial years are currently on editing site due to a technicality which is due to be resolved imminently.

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £455,305 (2023-2024) Date: 4/1/2023 (Ref: 10.c)
Precept: £489,950 (2024-2025) Date: 11/1/2024 (Ref: 14.c)

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 a sample of income received and banked cross referenced with the Cash Book and bank statements between January – March 2024.

Fees for long term hire of the Drill Hall were reviewed at a meeting held on 7/2/2024 (Ref: 21.b).

Town Council fee charges were reviewed at a meeting held on 6/3/2024 (Ref: 10.f).

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: **531/L3082**
P60s issued: **Yes**

The Council continue to operate RTI in accordance with HMRC regulations. 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.

It is noted that the Council undertook a review of salaries at a meeting held on 7/2/2024 (Ref: 22.b).

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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 £3,878,327.27. 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:

Barclays Current	xxxx0044	£26,698.55	
Barclays Active Saver	xxxx0191	£16,223.83	
PSDF	xxxx001PC	£216,220.25	
Shawbrook Fixed Bond	xxxx9944	£90,389.93	(21/7/2023)
Petty Cash		£250.00	

The Council have undertaken further investigations regarding the Shawbrook Fixed Bond. The funds have rolled over into a Business Matured Funds Account but no paperwork for the account has been received. The Council continue to pursue this.

The Council had outstanding loans at 31/3/2024 of:

PWLB	£148,437.50
Salix	£20,000.00

Reserves

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

The Council have adequate general reserves £20,037.83 and have identified earmarked reserves of £332,968.24 in their year end accounts.

It is noted in the year end accounts that general reserves are quite low, whilst earmarked reserves are relatively high. The Council should evaluate the risk involved with general reserves at this level, in particular with unexpected revenue expenditure. This could take the form of a Reserves Policy.

Recommendation: *To review the level of general reserves and consider the adoption of a Reserves Policy.*

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.

Internal Audit Procedures

The 2023 Internal Audit report was considered by the Council at a meeting held on 7/2/2024 (Ref: 11.a). Recommendations in the report were considered by the Effectiveness of Internal Control Working Party at a meeting held on 23/1/2024 prior to reporting to full Council on 7/2/2024.

A review of the effectiveness of the Internal Audit was carried out on 7/2/2024 (Ref: 10.d).

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 her assistance during the course of the audit work and the quality of documentation provided for the audit.



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23 May 2024

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