

HEELIS & LODGE

Local Council Services • Internal Audit

Interim 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. The following recommendations/comments have been made:

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Council hold the General Power of Competence and LGAs137 does not apply. VAT is tracked within the Scribe accounts.

The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.

The Council use online banking. A total of 4 cheques have been written during the year, 3 of which were for petty cash.

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: 5/4/2023 (Ref: 21.a)
Financial Regulations in place: Yes
Reviewed: 5/4/2023 (Ref: 21.b) and 17/5/2023 (Ref: 19.e)

VAT reclaimed during the year: Yes Registered: Yes

Period:	Amount:	Date:
1/4/2023 – 30/6/2023	£11,101.39	13/7/2023
1/7/2023 – 30/9/2023	£7,633.32	9/10/2023

General Power of Competence: Yes Adopted: 17/5/2023 (Ref: 12)

Code of Conduct: Adopted 17/5/2023 (Ref: 11.a)

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

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Terms of Reference are in place for committees.

Terms of Reference for the Climate Committee were agreed at a meeting held on 5/4/2023 (Ref: 16.b).

Terms of Reference for the Churchyard Committee were reviewed and approved at a meeting held on 7/6/2023 (Ref: 18.c).

The Council reviewed the Equalities Policy at a meeting held on 6/9/2023 (Ref: 20).

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: ZA085320)

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.

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls are due to be reviewed in the New Year.

Reminder: *To undertake and minute a review of the Risk Assessment and Internal Controls prior to 31/3/2023.*

The Council have good 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/>

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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*

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 not quite met the publication requirements.

Recommendation: *The Council should publish the External Auditor's Certificate for 2018-2019 on the website to complete the publication requirements for the 2024 audit. All required sections for the other years appear to be on the website.*

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)

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

Income controls were checked and a sample of income received and banked cross referenced with the Cash Book and bank statements.

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The Council reviewed fees for the following at a meeting held on 7/12/2023 (Ref: 14).

- *Town Hall hire*
- *Drill Hall hire*
- *Market rents*
- *Cemetery charges*
- *Allotment fees*

Allotment fees were further reviewed at a meeting held on 2/8/2023 (Ref: 19).

The paying-in book is used for banking both cash and cheques. A breakdown of the income is kept in a separate log providing a clear audit trail.

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 and all was found in order. Petty cash limit £250 in accordance with Financial Regulation 6.20.

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**

The Council operate RTI in accordance with HMRC regulations. Supporting paperwork is in place. Eligible employees have joined the nominated pension scheme.

It is noted that the Council undertook a review of salaries at a meeting held on 17/5/2023 (Ref: 33). An appraisal system is in place (Ref: Staffing Working Group 5/4/2023 – item 6). A job evaluation process took place in March 2022 and an incremental increase was implemented for the 2023-2024 financial year (Ref: 6/9/2023 – item 23). This was backdated and paid in September 2023.

The 2023-2024 award has been paid with the November payroll.

A further examination will take place at the year end.

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. The total value of assets are recorded at £3,860,129. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the 2023 AGAR. A further examination will take place at the year end.

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 29/9/2023 were confirmed as:

Barclays Current	xxxx0044	£241,352.54	
Barclays Active Saver	xxxx0191	£20,456.19	
PSDF	xxxx001PC	£258,255.61	
Shawbrook Fixed Bond	xxxx9944	£90,389.93	(21/7/2023)
Petty Cash		£250.00	

It is noted that the Shawbrook Bank 1 Year Fixed Rate Business Bond (Ref: 58569944) matured on 22/7/2023. A letter dated 27/7/2023 was received notifying the Council that the fund balance had been rolled into a Business Matured Funds account however, there is no paperwork on file relating to this account. Bank reconciliations from July 2023 have used the matured balance figure.

Recommendation: *To contact Shawbrook Bank and obtain information on the new account and to consider reinvesting the funds in a further Fixed Term Bond as previously carried out.*

There have been a couple of months that interest received in the month has been included in the following month due to delays in receiving the statement.

Recommendation: *To ensure that for the year end accounts bank balances at 31/3/2024 are used and that all income ie bank interest is included in the accounts.*

Reserves

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

The Council have adequate general reserves (£176,597.52) and have identified earmarked reserves (£341,913.28) in their accounts at the time of audit. A further examination will take place at the year end audit.

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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.

To be carried out at the year end audit.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2023 Internal Audit report was considered by the Council at a meeting held on 7/6/2023 (Ref: 11.a).

A review of the effectiveness of the Internal Audit was carried out on 7/6/2023 (Ref: 11.b).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 4/10/2023 (Ref: 10.c).

External Audit

The Council formally approved the 2023 AGAR at a meeting of the full Council held on 7/6/2023 (Ref: 11.e and 11.f).

The External Auditor's report was considered at a meeting held on 6/9/2023 (Ref: 10.c).

There were no matters arising from the External Audit.

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 17/5/2023. The first item of business was the Election of Chairman, 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 and Finance Officer for their assistance during the course of the audit work and the quality of documentation presented for the audit.



Heather Heelis
Heelis & Lodge
14 December 2023

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