

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for West Mersea 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 use the Edge accounting software. The cashbook is referenced providing an audit trail. Supporting paperwork is in place and referenced with the date paid. Payment lists are presented at meetings and dual online authorisation is in place. Further audit trails will be carried out at the year end audit.

Recommendation: *To minute the power used when giving grants/donations as not all grants/donations fall under LGAs137 expenditure.*

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: 18/5/2023 (Ref: 132) and 3/8/2023 (Ref: 23/179)
Financial Regulations in place: Yes
Reviewed: 18/5/2023 (Ref: 132) and 12/7/2023 (Ref: 23/156)

The 2023 Internal Audit report recommended that Financial Regulations were reviewed to include estimates sought for items under £3,000. This has been completed and Financial Regulation 11.1.h was amended on 12/10/2023. Financial Regulation 11.1 refers to Financial Regulation 10.3 which states 3 estimates will be sought.

Financial Regulation 2.2 details a procedure for quarterly bank reconciliation verification .

Recommendation: *That the quarterly reviews are recorded in the minutes.*

VAT reclaimed during the year: Yes Registered: Yes (Ref: 104379974)

The last VAT return on file was Quarter 4 2022/2023. VAT returns for 2023-2024 will be examined at the year end audit. The last VAT reclaim was received on 4/5/2023 (£6,107.10). This aligns with the VAT debtor identified in the 2023 year end accounts.

Recommendation: *To ensure VAT returns are submitted by the HMRC deadline.*

General Power of Competence: No longer eligible following the elections.

Adoption of the Code of Conduct: 24/11/2022 (Ref: 22/197)

Reviewed: 18/5/2023 (Ref: 23/133)

There was one tender during the year that exceeded the £25,000 Public Contract Regulations threshold.

Committee Terms of Reference were reviewed and approved at the annual meeting held on 18/5/2023 (Ref: 23/128).

The following policies were reviewed and approved at the annual meeting held on 18/5/2023 (Ref: 23/133):

- *Customer Service Standard*
- *Documents and Records*
- *Dignity at Work/Bullying and Harassment*
- *D-Day 80 Working Group Terms of Reference*

The appointment of committees took place at a meeting held on 20/6/2023 (Ref: 23/133).

The following policies were reviewed and approved at a meeting held on 20/6/2023 (Ref: 23/135):

- *Co-option*
- *Complaints*
- *Grant Awarding*

The following policies were reviewed and approved at a meeting held on 12/7/2023 (Ref: 23/156):

- *Freedom of Information*
- *Vexatious*
- *CCTV*
- *Drone Usage*
- *Gate Access Licence Agreement*

The following policies were reviewed and approved at a meeting held on 3/8/2023 (Ref: 23/179):

- *Information and Data Protection*
- *Recording at Meetings*
- *Health and Safety*
- *Equality and Diversity*

The following policies were reviewed and approved at a meeting held on 14/9/2023:

- *Community Engagement*
- *Delegated Powers*
- *GDPR and General Privacy Notice*
- *Press and Media*

The following policies were reviewed and approved at a meeting held on 12/10/2023 (Ref: 23/219):

- *Grants and Donations*
- *Vexatious*
- *Press and Media*

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: ZA085540)

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 (1/7/2023 – 30/6/2024). The Risk Assessment was last reviewed at a meeting held on 17/3/2022 (Ref: 21/407). It is noted that there was no formal review of the Risk Assessment during the financial year 2022-2023. Internal Controls were reviewed on 14/9/2023.

Recommendation: *To undertake and minute a review of the Risk Assessment during the year of audit ie prior to 31/3/2024.*

The Council have satisfactory 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.

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Recommendation: To add in to the Risk Assessment reference to Financial Regulation 2.2 and the quarterly checks carried out.

The annual play area inspection has been undertaken during the year (Ref: 20/6/2023 – item 23/139).

Bank signatories were reviewed and approved at a meeting held on 14/9/2023 (Ref: 23/205).

Fidelity Cover: £1,000,000

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: www.westmersea.org

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 (signed) Published – No

Recommendation: To publish the signed version of section 3 on the website.

Under **The Accounts & Audit Regulations** councils must publish on their website:

Notice of period for the exercise of public rights

Published – Yes

It is noted that the incorrect form was used on the website.

Recommendation: To use the correct form for the 2023-2024 audit.

Recommendation: The external auditor has drawn attention to the fact that the first 10 working days of July have not been included in the notice period. Please see comments under 'External Audit'.

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Period of Exercise of Public Rights

Start Date 13/7/2023

End Date 24/8/2023

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 met the publication requirements.

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £354,757 (2023-2024)

Date: 6/1/2023 (Ref: 23/006)

Good budgetary procedures are in place. The precept was agreed in full Council, however the precept amount has not been 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.

Recommendation: *To ensure that the resolved precept amount is minuted.*

Income controls

Precept and other income, including credit control mechanisms

Allotment fees for 2023 were last increased at a meeting held on 3/11/2022 (Ref: 22/178).

Cemetery fees were reviewed and approved at a meeting held on 13/4/2023 (Ref: 23/090).

A further examination will be carried out at the year end.

Petty Cash

Associated books and established system in place

A satisfactory expenses system and credit card is in place with supporting paperwork. No Petty Cash held.

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 continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Eligible employees have joined the nominated pension scheme. A further examination will be carried out at the year end audit.

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It is noted that the Council undertook a review of salaries at a meeting held on 24/11/2022 (Ref: 22/204) where the 2022/2023 pay award was confirmed. A further review was carried out on 26/4/2023 (Ref: 23/104) where the pay award was confirmed.

It is noted that there are no councillor allowances.

Asset control

Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

A separate asset register is in place. A review took place at the annual meeting held on 18/5/2023 (Ref: 23/134). The next review is due to take place in November 2023. Values are recorded at cost value/insurance value. A further examination will take place at the year end audit to verify that 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 were confirmed as:

<i>Barclays Current</i>	<i>xxxx7582</i>	<i>£426,886.37</i>	<i>(29/9/2023)</i>
<i>Barclays BP #1</i>	<i>xxxx9001</i>	<i>£6,694.70</i>	<i>(29/9/2023)</i>
<i>Barclays BP #2</i>	<i>xxxx0765</i>	<i>£305.49</i>	<i>(29/9/2023)</i>
<i>NS&I</i>	<i>xxxx6685</i>	<i>£172,080.06</i>	<i>(January 2023)</i>
<i>Unity Trust</i>	<i>xxxx0023</i>	<i>£72,230.95</i>	<i>(31/8/2023)</i>

Reserves

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

The Council have adequate general reserves (£161,000) and have identified earmarked reserves (£310,524) at the meeting held on 18/5/2023.

The Council have a Reserves Policy in place (last reviewed 1/4/2021 – item 21/072).

Recommendation: *To review and update the 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.

To be carried out at the year end.

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 29/6/2023 (Ref: 23/152) and again on 12/7/2023 (Ref: 23/155.c).

A review of the effectiveness of the Internal Audit was carried out on 12/10/2023 (Ref: 23/224.e).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on (12/10/2023 (Ref: 23/224.e).

External Audit

The Council formally approved the 2023 AGAR at a meeting of the full Council held on 29/6/2023 (Ref: 23/152).

The External Auditor's report was considered at a meeting held on 12/10/2023 (Ref: 23/224.b).

The following matters were brought to the attention of the Council:

- 1) The Council failed to make proper provision during the year 2023-2024 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. Therefore the Council must answer 'No' to Assertion 4 of the Annual Governance Statement for 2023/2024 and ensure that it makes proper provision for the exercise of public rights during 2024/2025.*
- 2) The Internal Auditor has drawn attention to weaknesses in relation to Financial Regulations. The Council must ensure that action is taken to address these areas of weakness in a timely manner.*

Additional Comments/Recommendations

- The Annual Town Council meeting was held on 18/5/2023. 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



Heather Heelis
Heelis & Lodge
30 October 2023

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INVOICE

To:

West Mersea Town Council
The Council House
Triangle Shopping Centre
Frinton-on-Sea
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CO3 0AB

Invoice No: HL9395
Date 30 October 2023

Details	Quantity	Amount (£)	Total (£)
To carry out Interim Internal Audit for West Mersea Town Council for the year ended 31 March 2024	1	205.00	205.00
Mileage	86	0.45	38.70
Total			243.70

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 72-00-00

Terms – 14 days

Thank you.

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