

HEELIS&LODGE

Local Council Services • Internal Audit

Year End Internal Audit Report for Leigh-on-Sea 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 4/10/2023**. The following recommendations/comments have been made:

Income: £727,956 Expenditure: £677,258 Reserves: £711,196

AGAR Completion:

Section One: No

Section Two: Yes – draft figures

Annual Internal Audit Report 2023/2024: Yes

Certificate of Exemption: No

Following the Audit of Accounts by J Watson & Co and the in depth examination of transactions, the Year End audit has focused on Council procedures, processes, financial reporting and year end accounts, the observations and findings of which are contained within this report.

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: 9/4/2024 (Ref: 164)

Financial Regulations in place: Yes

Reviewed: Due for review in 2024-2025

VAT reclaimed during the year: Yes Registered: Yes (307026341)

Accounting Period	Amount Reclaimed
1/4/2023-30/6/2023	£1,586.21
1/7/2023-30/9/2023	(£405.52)
1/10/2023-31/12/2023	(£184.73)
1/1/2024-31/3/2024	£1,926.49

There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.

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

The Council use online banking. There were no cheques written during the year. The last cheque written was No. 103013 on 17/1/2023.

Terms of Reference have been approved at the Annual Meeting held on 21/5/2024 (Ref: 175).

Due to the absence of a Clerk, the Chair was appointed as the Temporary Proper Officer at a meeting held on 9/4/2024 (Ref: 158).

Due to the absence of a Clerk, a named councillor has been appointed as the Temporary Responsible Finance Officer (Ref: 21/5/2024 – 179).

The Council reviewed and approved the following documents at the Annual meeting held on 21/5/2024 (Ref: 184):

- *Complaints Procedure*
- *Freedom of Information (Publication Scheme)*
- *Press and Media Policy*

Risk Assessment

Appropriate procedures in place for the activities of the council
Compliance with Data Protection regulations

Privacy Policy published: *Yes*

Link: <https://www.leighonseatowncouncil.gov.uk/content/uploads/policies%20&%20governance/existing/privacy%20notice%20-%20general.pdf>

There was no evidence within the minutes that the annual review of the Risk Assessment and Internal Controls was carried out within the year of audit and the Risk Assessment is dated March 2023.

Recommendation: *To undertake and minute a review of the Risk Assessment and Internal Controls as soon as possible. The Council should consider Ticking 'No' in Section 1, Assertion 5, of the 2024 AGAR.*

It is noted that financial reporting is not as consistent as it could be. Payment lists are approved by the full Council. The payment list presented to the full Council on 16/1/2024 (Ref: 140.a) approved a payment list from 25/11/2023 – 19/12/2023. The list was not contained within, or appended to, the minutes in order to confirm approval of the payments.

It is noted that the meeting held on 29/11/2023 approved a payments list for September 2023 (Ref: 130.d), which had already been approved at the meeting held on 25/10/2023 (Ref: 109.e). The August payment list was approved at a meeting held on 13/9/2023. There were no payment lists for the period 20/12/2023 to the end of the financial year, 31/3/2024.

Recommendation: *To improve consistency in the financial reporting.*

It is noted that the Council commissioned an independent financial audit to be undertaken to investigate allegation of potential fraud. The report, dated 2/11/2023, was considered by the Council at a meeting held on 16/1/2024 (Ref: 140.c) and the Finance Committee on 8/11/2023 (Ref: 5).

The remit of the audit was to 'undertake an analytical audit of the Council's accounts for the year 2022-2023 and part year 2023-date'. The Auditor's findings at the end of the 6 page report were as follows:

'It is my considered opinion that the Town Council has not been subject to financial irregularities.'

It is noted that the Council have contracted out the running of the Community Centre Café as of 1/5/2024 (Ref: 167.c).

The Council have satisfactory internal financial controls in place.

Fidelity Cover: £1,000,000

The level of Fidelity cover for 2024-2025 is within the recommended guidelines of year end balances plus 50% of the precept.

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £462,056 (2023-2024)

Date: 24/1/2023 (Ref: 100)

Precept: £466,655 (2024-2025)

Date: 16/1/2024 (Ref: 141.b)

Effective budgetary procedures were in place for the 2023-2024 financial year. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The Clerk ensured the council were aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers were prepared to ensure councillors have sufficient information to make informed decisions. Budgets were monitored during the year.

Income controls

Precept and other income, including credit control mechanisms

The Finance and Governance Committee reviewed and approved menu prices in the café on 5/3/2024 (Ref: 7).

The Community and culture Committee reviewed and approved an increase of £2 per session in hire charges for the Community Centre at a meeting held on 12/12/2023 (Ref: 6).

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: **662/L988**
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. Eligible employees have joined the nominated pension scheme and contributions have been paid.

Asset control

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

A separate asset register is in place with a review being undertaken at a meeting held on 21/5/2024 (Ref: 181). Values are recorded at insurance value. The total value of assets are recorded at £638,494. The Council should ensure that the figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR. At the time of audit, the figure in Section 2, Box 9, had not been updated as of 31/3/2024.

Recommendation: *To update the 2024 AGAR figure in Section 2, Box 9.*

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:

HSBC Current	xxxx9162	£11,090.41
HSBC Imprest	xxxx9154	£668.23
HSBC Payroll	xxxx9170	£64.30
HSBC Savings	xxxx9189	£193,674.39
TC Petty Cash		£60.00
Café Petty Cash		£103.87
PSDF	xxxx4741	£558,969.90

Reserves

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

The Council have adequate general reserves of £213,642 and have identified earmarked reserves of £403,381 and capital reserves of £94,173 in their year end accounts.

The Council has no long term borrowing.

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.

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 2023-2024 Interim Internal Audit report was considered by the Council at a meeting held on 25/10/2023 (Ref: 109.a).

Heelis & Lodge were appointed Internal Auditors at a meeting held on 5/3/2024 (Ref: 6).

External Audit

The External Auditor's report was considered at a meeting held on 13/9/2023 (Ref: 87).

There were no matters arising from the External Audit.

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 Chair and Finance Officer for their assistance during the course of the audit work and the quality of financial documentation provided for the audit.



Heather Heelis
Heelis & Lodge
7 June 2024

This report has been prepared for the sole use of Leigh-on-Sea Town Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Heelis & Lodge to any third party who purports to use or rely on, for any reason whatsoever, this report, its content, recommendations or conclusions.

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Leigh-on-Sea Town Council
71-73 Elm Road
Leigh-on-Sea
Essex

Invoice No: HL9493

Date: 7 June 2024

Details	Quantity	Amount (£)	Total (£)
To carry out Year End Internal Audit for Leigh-on-Sea Town Council for the year ended 31 March 2024	1	370.00	370.00
Total			370.00

Please make cheques payable to: Heelis & Lodge

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

Terms – 30 days

Thank you.

HEELIS&LODGE

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