

# HEELIS&LODGE

Local Council Services • Internal Audit

## Internal Audit Report for Ongar 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:

Income: £341,924    Expenditure: £240,047    Reserves: £523,345

### AGAR Completion:

Section One: **Yes - unsigned**

Section Two: **Yes – draft figures available**

Annual Internal Audit Report 2023/2024: **Yes**

Certificate of Exemption: **No**

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

*All were found to be in order. LGAs137 payments are not specifically identified in the minutes or within the year end accounts. They fall under the general heading of community grants.*

**Recommendation:** *To identify in the minutes the power used for each grant and to have a separate heading in the cash book specifically for LGAs137 payments in order to provide a tracking system on this capped power for expenditure.*

*VAT payments are tracked and identified within the year end accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. The Council uses online banking, only 3 cheques were written during the year of audit (Ref: 300860, 300861 and 300862).*

*To improve audit trails the Council would benefit from a unique referencing system in their Railtas software which would link the invoice/supporting paperwork to the cashbook for both income and expenditure.*

**Recommendation:** *To introduce a unique referencing system to provide clearer audit trails.*

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Privacy Policy published: Yes

Link:

[http://www.ongartowncouncil.gov.uk/\\_UserFiles/Files/Privacy%20statement/GDPR%20privacy%20notice%20published.pdf](http://www.ongartowncouncil.gov.uk/_UserFiles/Files/Privacy%20statement/GDPR%20privacy%20notice%20published.pdf)

*Insurance was in place for the year of audit with a review being undertaken on 17/8/2023 (Ref: 173/23).*

*There was no evidence in the minutes that the Risk Assessment was reviewed during the year of audit. Internal Controls were reviewed on 19/5/2022 (Ref: 114/22) and the Statement of Internal Control on 16/2/2023 (Ref: 32/23.c). I believe the reviews were due to be carried out at the year end.*

**Recommendation:** *To undertake and minute a review of the Risk Assessment and Internal Controls during the year of audit. It is noted that the Council have ticked 'No' to Section 1, Assertion 5, in the 2024 AGAR.*

Statement of Internal Controls in place: Not available for the audit.

**Recommendation:** *To adopt a Statement of Internal Control if the Council have not already done so.*

*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.*

*Bank signatories were reviewed at meetings held on 19/10/2023 (Ref: 226/23), 21/9/2023 (Ref: 197/23) and 11/5/2023 (Ref: 103/23).*

Fidelity Cover: £500,000 (Internal Crime)

*The level of Fidelity cover is below the recommended guidelines of year end balances plus 50% of the precept.*

**Recommendation:** *To review the level of Fidelity Cover*

## 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: <http://www.ongartowncouncil.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.*

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*The Council have good budgetary procedures 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. Receipts are provided for cash received.*

*The Council reviewed allotments fees at a meeting held on 21/9/2023 (Ref: 205/23) where it was resolved to increase fees, effective from November 2024.*

*Cemetery fees were reviewed and approved on 21/3/2024 (Ref: 47/24).*

#### **Petty Cash**

Associated books and established system in place

*The Council held no petty cash at the year end.*

#### **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: **120/O20038**  
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. Audit trails were completed on a sample of employees throughout the year of audit and all was found to be in order. Eligible employees have joined the nominated pension scheme.*

#### **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 £2,198,373. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.*

**Recommendation:** To undertake a review of the effectiveness of the Internal Audit.

## External Audit

The Council formally approved the 2023 AGAR at a meeting of the full Council held on 18/6/2023 (Ref: 121/23 and 122/23).

The External Auditor's report for 2022-2023 has yet to be received. Once received it will be published on the Council's website.

It is noted that an ongoing matter relating to the 2018-2019 External Audit has now been concluded.

**Recommendation:** To examine the External Audit report for 2022-2023 at the 2024-2025 Internal Audit for any comments or instructions made by the External Auditor.

## Additional Comments/Recommendations

- The Annual Town Council meeting was held on 11/5/2023. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- It is noted that minutes are now signed. It is **recommended** that, in order to comply with legislation regarding the storage of minutes in loose-leaf format, the presiding chair of the meeting should also initial each page in addition to signing and dating the last page.
- It is noted that the Council are currently reviewing leases held with local organisations.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the staff for their assistance during the course of the audit work and the quality of documentation presented for the audit.



**Heather Heelis**  
**Heelis & Lodge**  
11 June 2024