

## Annual Internal Audit Report 2024/25

Morecambe Town Council

<https://www.morecambe.gov.uk/> ONLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N. The authority has complied with the publication requirements for 2023/24 AGAR <i>(see AGAR Page 1 Guidance Notes).</i>	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

01/06/2025/

DD/MM/YYYY

DD/MM/YYYY

Name of person who carried out the internal audit

H Heelis (Heelis & Lodge) NAL AUDITOR

Signature of person who  
carried out the internal audit

SIGNATURE REQUIRED

Date

28/06/2025/

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

# HEELIS&LODGE

## Local Council Services • Internal Audit

### **Internal Audit Report for Morecambe Town Council – 2024/2025**

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 2024. The following recommendations/comments have been made:

Income: £1,108,897.26 (Gross) £1,045,153.26 (NET)  
Expenditure: £890,270.44 (Gross) £840,533.12 (NET)  
Reserves: £1,302,536.02 (Box 7)

#### 2025 AGAR Completion:

Section One: [Yes – to be approved](#)

Section Two: [Draft figures available](#)

Annual Internal Audit Report 2024/2025: [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. The Council hold the General Power of Competence and LGAs137 does not apply.*

*The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced. It is noted that the Council use the Scribe accounting software.*

**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: [16/5/2024 \(Ref: 010\)](#)  
[20/6/2024 \(Ref: 023\)](#)

Financial Regulations in place: [Yes](#)  
Reviewed: [16/5/2024 \(Ref: 011\)](#)  
[20/6/2024 \(Ref: 023\)](#)  
[10/10/2024 \(Ref: 030\)](#)  
[18/6/2024 \(Ref: 07\)](#)

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Heather Heelis Dip HE Local Policy FILCM  
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VAT reclaimed during the year: Yes  
Registered: No

Submission Period:	Amount:
01/04/2020-31/03/2021	£2,615.54
01/04/2021-31/03/2022	£18,641.85
01/04/2023-31/03/2024	£23,958.38
01/04/2024-31/12/2024	£18,034.47 (£18,002.35 received)

General Power of Competence: Yes      Adopted: 25/5/2023 (Ref: 009)

Policy Review Schedule in place: No

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

*The Council reviewed the following documents during the year of audit:*

19/9/2024 - (Ref: 025)

- Reserves Policy
- Income and Debt Management Policy
- Expenses Policy

18/6/2024 – (Ref: 10)

- Expenses Policy
- Reserves Policy

14/11/2024 – (Ref: 023)

- Employee Volunteer Policy

## 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: ZA482476

### **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  
Link: <https://www.morecambe.gov.uk/privacy-policy/>

*Insurance was in place for the year of audit (valid 19/11/2024 – 28/9/2025). The Risk Assessment and Financial Management Scheme were reviewed at a meeting held on 18/6/2024 (Ref: 08).*

Statement of Internal Controls in place: **No**

*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.*

*To address the findings in the 2022-2023 Internal Audit report, the Council have produced a report responding to the outcomes and identifying actions to address any weaknesses:*

*<https://www.morecambe.gov.uk/wp-content/uploads/2024/04/2022-23-Internal-Audit-with-Council-responses-and-action-plan.pdf>*

*The Council has introduced a system confirming ongoing compliance with Financial Regulations quarterly sample testing by 2 members of the Council. Samples are tested for accuracy and compliance with the Council's processes and procedures.*

Fidelity Cover: £500,000

*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 in line with the recommended guidelines.*

## 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.morecambe.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

*2024 Annual Return, Section One Published – Yes*

*2024 Annual Return, Section Two Published – Yes*

*2024 Annual Return, Section Three Published – Not yet received*

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Lynne Lodge Dip HE Local Policy

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

Publication Date: [26/6/2024](#)  
Start Date: [1/7/2024](#)  
End Date: [9/8/2024](#)

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGARs for the five years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on their website.

*The Council have met the publication requirements. It is noted that the 2023-2024 External Audit report is outstanding, however, the Interim report has been published.*

#### **Budgetary controls** supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £1,007,671.93 (2025-2026) Date: 20/2/2025 (Ref: 073)  
Precept: £951,384.33 (2024-2025) Date: 18/1/2024 (Ref: 079)

*Budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. Officers ensure 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.*

*It is noted that a Community Action Fund budget for £1m was raised in 2023-2024 to pursue a regeneration project on the former Frontierland site. However, a change in administration resulted in the following resolution:*

'The Council resolved to move all reserves into a General Reserve and allocate £150,000.00 to subsidise the budget for 2024-2025.' Minutes 18/1/2024 (Ref: 079).

*It is noted that the Council are exploring different ways to support the community and have a budgeted subsidy from general reserves to offset the precept from 2025 – 2029 as follows:*

2024/2025	£150,000
2025/2026	£115,000
2026/2027	£115,000
2027/2028	£105,000
2028/2029	£88,000

## 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.*

## 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 from April 2024 to March 2025 and cross referenced with vouchers and the cash book.*

## 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: **065/EA39279**  
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. An examination was undertaken on a sample of payroll records for the period April 2024 – March 2025. No irregularities were found.*

*Eligible employees have joined the nominated pension scheme. The re-declaration of compliance should be examined at the next audit.*

## 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 reviews undertaken at the following meetings:*

- 14/1/2025 (Ref: 055)
- 10/10/2024 (Ref: 029)
- 25/7/2024 (Ref: 18)
- 3/4/2024 (Ref: 035)



*Values are recorded at cost value. The total value of assets are recorded at £172,583. The Council should ensure 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 31 March were confirmed as:*

Unity Trust	xxxx7055	£808,544.16
Investment account	xxxx8131	£550,000.00

*The Council had no outstanding loans at the year end.*

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

*The Council have adequate general reserves (£372,801) and have identified a general reserves earmarked reserves of £929,735 in their year end accounts.*

*Please refer to the comments in the Budget section of this report.*

**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**

**Sole Trustee** The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

**Internal Audit Procedures**

*The 2024 Internal Audit report was considered by the Council at a meeting held on 30/4/2024 (Ref: 039). It is noted that the Council have responded to matters raised in the 2022-2023 Internal Report.*

*A review of the effectiveness of the Internal Audit was carried as part of the review of Internal Controls.*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 12/2/2025 (Ref: FY2425).*

## **External Audit**

*The Council formally approved the 2024 AGAR at a meeting of the full Council held on 20/6/2024 (Ref: 026).*

*The External Auditor's report, and the outcomes of the objections on the 2022-2023 accounts, have been considered and addressed by the Town Council (Ref: 25/7/2024 – 21).*

*The External Auditor's report for the financial year 2023-2024 was outstanding at the time of the Internal Audit. The External Auditor's interim report has been published on the Council's website:*

*<https://www.morecambe.gov.uk/wp-content/uploads/2024/09/Interim-External-Audit-Report-2023-24.pdf>*

## **Additional Comments/Recommendations**

- The Annual Town Council meeting was held on 16/5/2024. 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 Finance Officer for their assistance during the course of the audit work and the quality of documentation provided for the audit.



Heather Heelis  
**Heelis & Lodge**  
30 May 2025