

Town & Parish Council Audit Services  
47 St Pauls Crescent, Coleshill, Birmingham B46 1BB  
Tel 07503 002948

# INTERNAL AUDIT REPORT

ALCESTER TOWN COUNCIL

FINANCIAL YEAR 2023/24

## Background and general summary

Town & Parish Council Audit Services has been appointed by Alcester Town Council to provide an independent internal audit for the financial year ending 31<sup>st</sup> March 2024. The Audit is provided on the basis of information provided by the Clerk to the Council, along with a review of the supporting records, together with audit of information available on the Council website.

1. Alcester Town Council is made up of sixteen Councillors representing wards within the parish
2. The Council also has three Committees ; Planning Committee, Finance and General Purposes Committee and Staffing Committee. Role and responsibility along with any delegated powers for each Committee are evidenced.
3. Full Council Meetings are held monthly with meeting dates, along with Committee meeting dates published on the website.
4. In accordance with statutory requirements a summons is included in the Agenda to each Councillor, which is signed by the Clerk and displayed three clear days in advance of the meeting according to statutory requirements. Agendas and Minutes for all meetings provided to Councillors, displayed on the noticeboard and available on the Council website.
5. A quorum of six is required for full Council meetings
6. Agendas provide opportunity for Councillors to declare any interests on Agenda items with Members interests forms duly completed by each Councillor, which is published on the Council website along with links to their completed forms. Members interests are also included on the District Council website.
7. A bound copy of the Council Agendas and minutes was available for inspection indicating appropriate numbering of minutes and pages for numerical sequencing. Minutes are signed and dated by the Chair and recorded within the minutes.
8. The Chair and Vice Chair sign and complete their Declaration of Acceptance of Office which is duly recorded and Councillors have each signed a Declaration of Acceptance of Office.
9. A list of Councillors and their responsibilities, roles and Committee membership is published and available on the Council website where applicable.
10. The Council have signed up to the Civility and Respect pledge.
11. The Clerk is CiLCA qualified and there is an allocated training budget of £1600 and evidence of relevant staff training to enable the Council to deliver services. Councillors also attend training to enable them to fulfill their duties in public office
12. The Council is a member of the Association for Local Councils, Society of Local Council Clerks and also National Association of Local Councils
13. 13<sup>th</sup> edition of Local Council Administration is utilised by the Council
14. Council had adopted the General Power of Competence (23<sup>rd</sup> May 2023) which has followed correct procedures and duly minutes, with the Council using statutory powers accordingly.
15. The Council meets its statutory requirements in accordance with GDPR and has implemented GDPR policies is Privacy Policy, Data Subject Access Request Policy. The Council is registered with the Information Commissioner. The Council has implemented a Freedom of Information Policy based on the ICO Publication Scheme.

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16. The Clerk have a .gov email address and it was noted that all Councillors have a separate Parish Council email address which is used by the Clerk for communicating all Council business. Council should note current recommendations regarding .gov.uk email addresses going forwards and the Clerk is exploring plans to implement this going forwards.
17. Electronic data is backed up using both an external hard drive which is stored away from the minutes. Minutes are stored in a locked cupboard in the office and in line with Retention of Documents policy older minutes are archived at Warwickshire Museum.
18. The Council has a website which conforms to the current Accessibility regulations, with documents published in an accessible format. Council has a Website Accessibility Statement and Privacy Notice. Five years of financial information along with audit information is included on the Council website.
19. Previous internal and external audits have been accurately recorded, displayed on the Council website and the period for the exercise of public rights has been identified within the minutes.
20. The website provides access to Council documents which includes Financial Regulations, Standing Orders, Code of Conduct, Complaints Policy, Expenses Policy, Grants Policy, Investment, Finance and Administrative Risk Assessment, Health and Safety, Reserves and Website Accessibility amongst other documents and policies relevant to the efficient management of Council business.
21. The Council has a Publication Scheme which is adopted, reviewed and published detailing all categories of information available, the format through which it can be obtained and associated costs.
22. The Council has a grant scheme (details available on website) and a relevant Grant Awarding Policy as agreed by the Council.
23. Electors rights – notice for the period for the exercise of public rights were published with the dates minutes as 12<sup>th</sup> June to 21<sup>st</sup> July which included the first 10 working days in July in accordance with requirements
24. Internal and External Audit reports were received by the Council, minuted and duly displayed on noticeboard and website. AGAR as approved by the Council was published on the website. The Council reviewed the effectiveness of the Internal Audit.
25. The Council complies with the Transparency Act

## Budgetary Controls and administration

**OBJECTIVE :** To ensure that a budget has been accurately prepared by the Council and adopted in the process of setting the Precept

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to ensure reference to the budgets prepared
- Evidence was sought within the minutes to show benchmarking of budgets against actual income and expenditure
- Current income and expenditure has been discussed by the Council in relation to the following years budget and preparation of year end profit and loss account

**AUDIT SUMMARY**

1. The Council meets twelve times a year and monitors progress by receiving reports from the Finance and General Purposes Committee and the Town Clerk. Management accounts are reported to the Council quarterly, with the F & GP Committee receiving monthly accounts and bank reconciliations.
2. A Councillor who is not a signatory is appointed each year to check the quarterly bank reconciliation statement against original bank statements. The Committee also carries out regular reviews of the Council's internal controls, systems and procedures, and addresses any issues that arise.
3. All accounts for payment are reported to the Council for approval. Two members of the Council who are bank signatories and the Clerk authorise payments ie cheques, BACS transfers with authorisations being done over email. Some payments are made by direct debits with an authorised list of direct debits through the Finance & General Purposes Committee, which are reflected in paperwork through bank statements and Invoices.
4. An electronic payment procedure covers budget control and administration for all payments with eight Councillors approved for authorising payments. Bank mandates are reviewed annually.
5. The Council has a debit card with an approved procedure for use, with a limit of £500 per transaction. Card is stored securely in the safe in the office.
6. Minutes make reference budget and precept setting process with the Finance and General Purposes Committee receiving budget requests from Committees and Lead Councillors which are considered as part of Precept planning process. Budgets are planned in a timely manner starting in December by the Committee with proposed budget and Precept being considered by the Full Council in January for the following year.
7. Receipt of Precept is evidenced in bank statements.
8. The Council prepares and approves a budget in a timely manner before setting its Precept prior to the commencement of the financial year. Income and expenditure is reconciled at the point in time with projected forecasts to the end of the financial year. Current and forward budget is broken down into areas of income and expenditure in appropriate headings. Income clearly identifies Precept income and other income ie cemetery, market license, hire, allotment. Budget expenditure clearly identifies Salaries, NI, Pension, expenses and relevant expenditure relating to the different areas of Council business eg newsletter, grass cutting, utilities, CCTV, training, legal etc. When setting the budget, Dispensation requests are not submitted by individual Councillors and the Council has adopted the DCLG publication 'Openness and transparency on personal interests'. The

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audit concludes that arrangements are in place to enable the preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.

9. Tenders for contracts are managed in accordance with adopted Financial Regulations and tendering procedures are demonstrated as being implemented thoroughly. Contracts for approved works following tendering process are issued which thoroughly address risk factors such as contractors responsibilities, insolvency, health and safety, statutory requirements, risk assessments, insurance, failure in provision of the works, termination and dispute resolution. Contracts are signed prior to work commencing.
10. In accordance with JPAG recommendations the Council adopted a Reserves Policy covering both General Reserves and Earmarked Reserves and the process for managing and using reserves throughout the year and also as part of the annual budget and Precept setting process.
11. The Town Council has responsibility for Allotments and has appropriate tenancy agreements in place which are renewed in January of each year and referenced in Council minutes. There is a register of allotments and associated payments from tenants, which is reflected and accounted for in the Council budget documentation.
12. The Town Council has responsibility for Burials and has an up to date burial register. Burial fees are approved by the Town Council and advertised on the Council website with a process in place to ensure that fees are paid two days before a burial. The Council is a member of the ICCM.
13. The Town Council has responsibility for Hall hire and uses Hallmaster software booking system with income received recorded appropriately.
14. The Council do not operate a Petty Cash system. They do however, occasionally receive cash payments and operationally this is normally banked the same day once it has been recorded. The Council may consider adopting a very simple Policy with the written procedure documented demonstrating the audit trail, or including it within financial regulations.
15. No Councillor allowances are paid and this is advertised to the public accordingly as zero.

## RECOMMENDATIONS

Minor recommendation regarding having a written procedure documented regarding the paying in of cash receipts.

## Risk Assessment

**OBJECTIVE :** To ensure risks are identified and managed effectively

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Review of Council Risk Assessment and areas covered
- Audit of payments linked to Council minutes
- Testing of income and expenditure processes
- VAT recovery procedures

**AUDIT SUMMARY**

1. The Council has the appropriate insurance cover in place which is reviewed annually – reviewed 12<sup>th</sup> June 2023. A three year long term agreement is in place so insurance provider is not reviewed annual but is reviewed at the end of the agreement period. In terms of insurance cover this includes £500,000 Fidelity Guarantee and £10million public liability insurance cover.
2. The Council has a Statement of Internal Control as part of its risk management and inspections of property and equipment by staff or Councillors are undertaken. A schedule of assets is maintained by the Council. The statement of Internal Control includes arrangements for Internal Audit and External Audit. There is an annual review of the effectiveness of Internal Controls with matters of concern being reported to the Finance and General Purposes Committee in the first instance and then full Council. This provides a robust system of risk assessment and managing risk.
3. Risk Assessment and Management document reviewed (March 2024) which clearly identifies risk by category, risk description, probability and consequence along with risk level eg high, medium or low. It also identifies actions to be taken following annual review of document. These have included reviewing Council insurance in 2024, use of s106 funds, replacing van, reviewing Investment Strategy, reviewing Financial Regulations once new NALC model issued, Considering cyber insurance, bringing budget planning process forward to start in October, review Youth Club risk assessment, review cemetery and allotment regulations. This is prepared by F & GP Committee and adopted at Full Council and provides robust risk management system.

**RECOMMENDATIONS**

None

## Assets

**OBJECTIVE :** To ensure a complete and accurate register is kept detailing all the assets owned by the Parish Council

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Confirmation of Council Asset Register
- Ensure assets have adequate description to enable them to be identified
- Ensure assets have cost value and there is process in place for inspecting and re-evaluating costs

**AUDIT SUMMARY**

1. The Council holds an up to date Asset Register and this is reviewed annually, with items purchased added and valued and a process in place for removing items off the Asset Register.
2. The Asset Register clearly identifies the asset, location and value for insurance purposes and transparency.
3. The Asset Register is published on the Council website as a public document
4. Land and buildings are included in the assets and published
5. Parish Assets have been inspected for risk and minutes (F & GP Committee 2<sup>nd</sup> April 2024)
6. Risk assessment and management covers items on Asset Register eg identified need to replace Council van and actions are duly taken
7. A process is in place for re-evaluating costs

**RECOMMENDATIONS**

None

## Payroll

**OBJECTIVE :** To ensure amounts paid as salary are correct and have been subject to PAYE/NIC deductions which have been calculated in accordance with PAYE regulations. To ensure that all deductions have been paid over to HMRC within time constraints. To ensure that pension deductions have been calculated at the correct rate and paid over to the required body in accordance with Pension Regulations.

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Review of procedures for salary payments
- Review of procedures for implementing tax codes and relevant deductions
- Review of pension deduction procedures and reporting to relevant pension scheme
- Review to ensure that payments are accurately authorised by the Council and recorded in minutes of meetings
- Ensure that any contractual changes are recorded

**AUDIT SUMMARY**

1. The Town Council has nine members of staff in total. All staff have been issued with Contracts of Employment. There is evidence within the minutes of salary payments along with the relevant statutory requirements regarding Tax and NI insurance contributions included within the budget headings, and supporting documentation provided. The Council uses Sage 50 Payroll software for payroll services and has a subscription to support services.
2. Checking of bank statements evidences the payment of salaries to individuals and spot check audit of salary slips provides an audit trail to verify payment of salary against bank statement, and relevant statutory deductions.
3. Evidence within accounts and minutes authorising payments to Pension Fund for staff with an audit trail provided back to bank account statements. There is also evidence in the minutes of authorisations to HMRC for tax and National Insurance payments which provides a checked audit trail back to bank statements and pay slips

**RECOMMENDATIONS**

None



## Bank and cash income and expenses

**OBJECTIVE :** To ensure systems in place for the accurate recording of all income and expenditure is sufficient and free from material error or misstatement. To ensure that all expenditure has been authorised by the Council and minuted accordingly and that all income can be verified to the source

### **WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Bank reconciliation has been checked for arithmetical accuracy. Brought forward balance agreed to previous year reconciliation
- Bank balances have been agreed to bank statements as at 31<sup>st</sup> March 2024 and receipts and payments totals agreed
- A sample of costs verified against meeting minutes, vouchers, authorized payment, paid in accordance of the instructions, VAT correctly recorded

### **AUDIT SUMMARY**

1. An Internal Financial control checklist is completed at the end of each month which checks items completed in a timely manner which includes filing of minutes, payroll completed, pension payments completed, HMRC paid, bank statements received checked and filed, payments file completed, payments and receipts inputting onto Omega, bank reconciliation completed, monthly accounts prepared, VAT claim and Cllrs to countersign bank reconciliation. Where items have not been completed they are carried forward accordingly ie VAT claimed quarterly not monthly. The checklist also identifies any actions required.
2. Bank reconciliations are presented and approved by the Council in accordance with procedures outlined in Financial Regulations and audit checks completed for arithmetical accuracy with no concerns.
3. Bank statements are made available to all Councillors as well as income and expenditure information to note and approve against budget. No petty cash is held.
4. Records of payments are contained within the minutes of the meetings and approved for payment by the Parish Council, detailing payee, amount and purpose of payment.
5. A debit card is used with appropriate procedure within Financial Regulations and also the Financial and Administrative risk assessment.
6. There is no record within the minutes of the annual advertisement of Cllrs allowances and expenses on the noticeboard (whether these by zero or for a sum of money)

### **RECOMMENDATIONS**

None

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Email : [TPCauditservices@outlook.com](mailto:TPCauditservices@outlook.com)

Tel 07503 002948

In accordance with my Internal Audit report, controls and procedures have been audited in accordance with the Governance and Accountability for Local Councils Practitioners' Guide.

Recommendations for improvement have been identified within the content of my Internal Audit Report for Council consideration.

I confirm that I do not have any role within the Council and carried out my audit without bias and follow the Public Sector Internal; Audit Standards 2012 to enable the Council to comply with these Standards and Accounting regulations.

I can confirm that there are no areas of concern and no matters to raise. The Council has strong and robust governance procedures and is well guided by qualified and knowledgeable Clerk to the Council.



Louise Baudet

Town and Parish Council Audit Services

28<sup>th</sup> May 2024