

**CONGLETON TOWN COUNCIL**

**COMMITTEE REPORTS AND UPDATES**

<b>COMMITTEE:</b>	Council		
<b>MEETING DATE AND TIME</b>	7.00pm 15 <sup>th</sup> June 2023	<b>LOCATION</b>	Congleton Town Hall
<b>REPORT FROM</b>	Serena Van Schepdael – Responsible Financial Officer		
<b>AGENDA ITEM REPORT TITLE</b>	<b>15 Internal Audit Report – Year ending 31<sup>st</sup> March 2023</b>		
<b>Background</b>	All town and parish councils are required to make arrangements for an independent, internal audit examination of their accounting records and systems of internal control.		
<b>Updates</b>	<p>Congleton Town Council's Internal Audit services are provided by Auditing Solutions Ltd.</p> <p>During the financial year 2022-23 they have completed 3 audits, the report in Appendix 15.1 represents the final outcome for the year.</p> <p><b>Noted Issues and Actions taken:</b></p> <p>No issues noted, therefore no actions required.</p>		
<b>Decision Requested</b>	To receive the Final Internal Audit report for year ending 31 <sup>st</sup> March 2023.		

## **Congleton Town Council**

*Internal Audit Report 2022-23: Final Update*

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*Adrian Shepherd-Roberts*

*For and on behalf of  
Auditing Solutions Ltd*

## **Background**

All town and parish councils are required by statute to make arrangements for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2022-23 financial year which was completed by the 28<sup>th</sup> September 2022, 14<sup>th</sup> February and 5<sup>th</sup> May 2023. We have undertaken our reviews for the year and we wish to thank the Responsible Finance Officer in assisting the process, providing all necessary documentation to facilitate completion of our review for the year to date.

## **Internal Audit Approach**

In undertaking our reviews for this financial year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts/AGAR. We have employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks in a number of key areas in order to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Annual Internal Audit Report' in the Council's Annual Governance and Accountability Return, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

We have concluded that, on the basis of the programme of work we have currently undertaken, the Council has maintained adequate and effective internal control arrangements during the year to date.

We ask that members consider the content of this report and acknowledge that the report has been reviewed by Council.

We have completed and signed the 'Annual Internal Audit Report' in the year's Annual Governance and Accountability Return, having concluded that, in all significant respects, the control objectives set out in that report were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

# Detailed Report

## Review of Accounting Arrangements & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. To that end, we have: -

- Ensured that the ledger remains in balance at the present date;
- Verified the opening trial balance for 2022-23 to the Statement of Accounts and AGAR for 2021-22 to ensure that the closing balances have been brought forward accurately and completely;
- Checked and agreed transactions in the Council's main bank account cashbooks to the relevant RBS Bank statements for April & August 2022 and January and March 2023;
- Checked and agreed for the same months, inter account "sweep" transfers between the current and high interest bank account; and
- Examined and verified the accuracy of transactions in the Council's mayoral charity bank account cashbooks and bank accounts as at July/August 2022 and January and March 2023 to ensure that no long-standing payments or other anomalous entries exist.

### *Conclusions*

*We are pleased to report that no issues have been identified in this area warranting further comment.*

## Review of Corporate Governance

Our objective is to ensure that the Council has robust corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We noted previously that an updated Corporate Business Plan had been prepared and have examined the content accordingly.

We note that the Standing Orders were reviewed and adopted in October 2021 and the Finance regulations were reviewed in June 2022.

We have completed our review of the minutes of the Full Council and Standing Committees, excluding Planning, to ensure that no actions of an ultra vires nature are being either considered or have been actioned, whilst also ensuring that the Council's finances remain at a healthy level to provide appropriate funds for future planned development and current revenue spending plans. We also note that, as previously, various grants have been approved for payment during the current year.

## *Conclusions*

*There are no matters requiring formal recommendation in this area of our review process.*

## **Review of Expenditure**

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- An official order has been raised in each and every case where one would be expected;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have commenced work in this area examining a sample of payments to March 2023.

Finally, in this area, we have examined the content of the quarterly VAT reclaims to March 2023, submitted to HMRC, with no issues arising.

## *Conclusions*

*We are pleased to report that no significant issues have been identified in this area.*

## **Assessment and Management of Risk**

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage any such risks identified in order to minimise the opportunity for their coming to fruition.

Risk assessment registers are in place and they are subject to routine annual review and update. We note that the Business Risk Assessment for 22-23 was formally approved by Finance & Policy Committee in April 2022.

We noted as at a previous review that an external agent for Health and Safety and HR Services Ansa Environmental Services Ltd has been appointed.

Zurich Municipal continues to provide the Council's insurance cover: we have examined the current year's schedule (to May 2023) and consider it meets the current needs of the Council

appropriately with Employer's liability set at £10 million and Public Liability cover set at £15 million and Fidelity Guarantee cover at £1.0 million.

### ***Conclusions***

***We are pleased to report that no issues have been identified in this area warranting further comment.***

## **Precept Determination and Budgetary Control**

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount of the precept placed on the Unitary Authority, that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We are pleased to note that members continue to receive regular budget monitoring reports with over/under-spends and the level of earmarked reserves the subject of regular review.

We also note that the Council approved a precept of £1,068,179 for 2023-24 at its December 2022 meeting.

### ***Conclusions***

***There are no matters requiring formal comment or recommendation in this area of our review process.***

## **Review of Income**

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure that all income due to the Council is identified and invoiced in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies. We have: -

- At the interim audit we reviewed the income generated in respect of the Tourist Information Centre from the accounts data. We are pleased to report that the process is well managed and that records are maintained in a very satisfactory manner.
- At the interim update audit, we have reviewed the management controls and income from the Town Hall bookings and are satisfied that the records and the accounts are operated in a satisfactory manner.
- Examined the "Aged debtors schedule" generated by the accounting software and have confirmed with the RFO regarding the records that there are no significant issues arising with regard to long-standing debts of which officers and members are unaware.

We have also reviewed the nominal ledger detailed transaction reports for income items for the year to March 2023 to ensure that no obvious coding errors or other anomalous entries are apparent and are pleased to record that none are in evidence.

### ***Conclusions***

*We are pleased to record that there are no significant issues in this area.*

## **Petty Cash Account**

Our aim in this area is to ensure that appropriate controls are in place; that all expenditure incurred is adequately supported by trade invoices or till receipts; that the expenditure is appropriate for the Council's requirements; that VAT has been separately identified for periodic recovery and that cheque encashments from the main cashbooks are properly recorded.

We have not checked the cash but have reviewed the holding from the information that we have been provided. As we are working remotely, we suggested that where possible an independent check is undertaken to confirm that the cash has been checked and the account balances. We note that this continues to be reviewed.

We have reviewed the vehicle fuel nominal ledger and a sample statement and we are satisfied that this is controlled effectively.

### ***Conclusions***

*There are no matters requiring formal comment or recommendation in this area of our review process.*

## **Review of Staff Salaries**

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme, as further revised from 1<sup>st</sup> April 2020 in relation to employee percentage bandings. To meet that objective, we have: -

- Ensured that the Council has approved staff pay rates for the financial year, based upon the approved NJC rates:
- Checked and agreed the computation of staff gross and net pay and salary deductions for July 2022, noting the continued use of a local, third party bureau service provider;
- Checked to ensure that appropriate tax codes and national insurance tables are being applied in the year and that the correct deductions / contributions have been deducted and paid over to HMRC in a timely manner; and
- Ensured that the appropriate revised superannuation contribution rates have been applied, also ensuring that the deductions have been paid over to the County Council in a timely manner.

### *Conclusions*

*We are pleased to record that no issues have been identified in this area.*

## **Fixed Asset Registers**

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We will check and agree the principles used in the detail, as recorded in the Council's Asset Register using purchase cost values or where that value is unknown at the previous year's Return level or uplifted or decreased to reflect the acquisition or disposal of assets. This register is updated by DCK Accounting Solutions, their accountants and we will review this register along with the year-end figures once they have been provided.

### *Conclusion*

*No issues require formal comment or recommendation.*

## **Investments & Loans**

Our objectives here are to ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis, in appropriate banking and investment institutions, that an appropriate investment policy is in place, that the Council is obtaining the best rate of return on any such investments made, that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with the appropriate loan agreements.

The Council holds no specific investments but holds a Special Interest account with RBS and deposits with the Cambridge and Counties Bank and CCLA.

We have verified the half-yearly loan repayment to PWLB by reference to the direct debit advice as part of the aforementioned expenditure testing.

### *Conclusions*

*We are pleased to report that no issues have been identified in this area that warrants any further attention by officers or formal recommendation.*

## **Annual Governance and Accountability Return**

The Accounts and Audit Regulations required that all Councils prepare a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

As part of our year-end review we have checked the March 2023 cash books and nominal ledgers.

We have not reviewed the accounts and Asset Register yet to be provided by DCK Accounting Solutions but should the figures reflect adjustments that affect our report we will issue an addendum accordingly.



We have also examined the Council's procedures and data in relation to the preparation of the year-end detailed accounts and Annual Governance and Accountability Return data and are satisfied that there are no issues arising.

### ***Conclusions***

***No issues have arisen in this review area to date and on the basis of work undertaken during the year, we have duly signed off the Internal Audit Report of the Annual Governance and Accountability Return, assigning positive assurances in each relevant area.***

***Should our report require amendments following the issuing of the accounts from DCK Accounting Solutions we will issue an addendum to our report.***