

**CONGLETON TOWN COUNCIL**

**COMMITTEE REPORTS AND UPDATES**

<b>COMMITTEE:</b>	Finance and Policy		
<b>MEETING DATE AND TIME</b>	14 <sup>th</sup> March 2024 7.00 pm	<b>LOCATION</b>	Congleton Town Hall
<b>REPORT FROM</b>	Serena Van Schepdael – Responsible Financial Officer		
<b>AGENDA ITEM REPORT TITLE</b>	<b>Item 17 Internal Audit Report – Second Interim for 2023-24</b>		
<b>Background</b>	All town and parish councils are required by statute 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>The second interim audit has taken place. Auditing Solutions visited the offices on 31<sup>st</sup> January 2024, previous recent audits have been remote. One of the main areas they wished to audit in full on the visit was the Information Centre as they had not audited the full process on site before. They audited the processes, cash handling, stock management, bookings processes and sales processes. The outcome of that review was that the CIC is very well managed and maintained to a high standard.</p> <p>See Appendix 17.1 for the full report, there are no issues to note to date.</p> <p>The final audit is due to take place around April to May 2024. That report will be presented to Council.</p>		
<b>Decision Requested</b>	To receive the Second Interim Internal Audit report for the year ending 31 <sup>st</sup> March 2024.		

## **Congleton Town Council**

*Internal Audit Report 2023-24: Interim 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 2023-24 financial year which was completed by the 23rd September 2023 and 31<sup>st</sup> January 2024. We have undertaken our reviews for the year to date and we wish to thank the Responsible Finance Officer and staff in assisting the process, providing all necessary documentation to facilitate completion of our reviews for the year to date.

## **Internal Audit Approach**

In undertaking our initial reviews for this financial year to date, 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 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.

## 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 2023-24 to the Statement of Accounts and AGAR for 2022-23 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 2023 and December 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 and December 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. We will undertake further work at our final review.*

### 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 and Financial Regulations were reviewed and adopted in June 2023.

We have continued 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. We will undertake further work at our final review.*

## **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 continued work in this area examining a sample of payments from April, August and December 2023.

Finally, in this area, we have examined the content of the quarterly VAT reclaims to December 2023, with no issues identified.

## *Conclusions*

*We are pleased to report that no significant issues have been identified in this area. We will undertake further work at our final review.*

## **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 23-24 was formally approved by Finance & Policy Committee in April 2023.

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 2024) 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 from the pre-draft minutes that the Council approved a precept of £1,182,221 for 2024-25 at the meeting of 25th January 2024.

### ***Conclusions***

***There are no matters requiring formal comment or recommendation in this area of our review process. We will obtain confirmation that the precept has been formally approved by Full Council at our final audit.***

## **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 (TIC) from the accounts data. We have also checked that there is a stock control review completed. We were pleased to report that the process was well managed and that records are maintained in a very satisfactory manner.
- At this interim update audit for which we visited the Council offices we have again reviewed the Congleton Information Centre (CIC) to include the management of the CIC and stock controls for both supplier stock and Council stock together with cash

held in the till and the additional float. We have also looked at the Rialtas booking system and the event ticket sales.

We consider that the CIC is very well managed and maintained to a high standard.

- 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 December 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 and Fuel Cards**

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 checked the Town Council and the CIC cash and reviewed the holding from the information that we have been provided. We consider that this is controlled effectively.

We have again reviewed the vehicle fuel nominal ledger and sample statements and we are satisfied that this is monitored and 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 2022 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 August 2023, 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.*

## **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 repayments 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. We will undertake further work at future reviews.*