



---

## **Biggleswade Town Council**

*Internal Audit Report 2022-23 (Final)*

---

*Sally King*

*For 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 Return. Auditing Solutions Ltd has provided this service to Biggleswade Town Council since 2004,

This report sets out the work undertaken in relation to the 2022-23 financial year, during our visits on 21st December 2022, 8<sup>th</sup> March and 14<sup>th</sup> April 2023.

## Internal Audit Approach

In undertaking our review for the 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 Annual Governance and Accountability Return. We have employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks in several key areas 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 Return, which requires independent assurance over several internal control objectives.

## Overall Conclusion

We have concluded that, based on the programme of work undertaken this year the Council has again maintained internal control arrangements to a professional and effective standard. We are again pleased to acknowledge the quality of records maintained by the staff and thank them for their assistance, which has ensured the smooth progress of our review process.

Consequently, we have completed and signed the 'Internal Audit Report' as part of the year's AGAR process having concluded that, in all significant respects, the internal control objectives set out in that report were achieved throughout the financial year to an effective and professional standard meeting the needs of the Council.

## Detailed Report

### Maintenance of Accounting Records & 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: -

- Noted that the Council's financial transactions are now processed mainly in house; with some support from third party contractors (DCK Accounting Services Ltd).
- DCK Accounting Services Ltd also provide support with the year end processes and compile a set of accounts.
- Ensured that an appropriate coding structure remains in place on the Omega accounting system to meet the needs of the Council's reporting requirements.
- Agreed the year's opening balances on the Omega accounting records to those reported in the closing Statement of Accounts and Annual Return for 2021-22.
- Ensured that the financial ledger remains in balance at the present date.
- Noted that the Council has changed its current account from Lloyds to Unity bank from 22<sup>nd</sup> November 2022, with the salary account to following a month later.
- Checked and agreed transactions the Council's Current account cashbooks to the relevant bank account statements for April 2022, August 2022, December 2022, and March 2023.
- Checked detail on the Omega based bank account reconciliations for the year to March 2023 ensure that no long-standing, uncleared cheques, or other anomalous entries exist.

#### Conclusion

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation; we have ensured the accuracy of the year-end balances reported in the detailed Statement of Accounts and AGAR.*

### Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders; those financial transactions are made in accordance with the extant Financial Regulations and that we have a reasonable chance of identifying any actions of a potentially unlawful nature that have been or may be considered for implementation. Consequently: -

- We have completed our review of the full Council and standing Committee minutes for the financial year to ensure that no issues affecting the Council's financial stability either in the short, medium, or long term exist; and
- We note that Financial Regulations and Standing Orders were amended and readopted at the Full Council meeting held on 24<sup>th</sup> May 2022. They are scheduled to be readopted after the new Town Council is elected in May 2023.



- Reviewed the external auditor's report, issued since our last visit, and noted comments made.

### **Conclusions**

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation; we have ensured the accuracy of the year-end balances reported in the detailed Statement of Accounts and AGAR.*

## **Review of Expenditure**

Our aim here is to ensure that, in addition to confirming that sound financial control procedures are in place: -

- Council resources are released in accordance with the Council's approved procedures and budgets.
- Appropriate procedures are in place to ensure compliance with the Council's SOs and FRs regarding tendering and quotation action noting that the FRs require a revised formal tender for procurement as detailed above.
- 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.
- Where applicable, appropriate contracting arrangements are in place and that they comply with the Council's current Standing Orders and Financial Regulations.
- 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.

To ensure compliance with the above criteria, we have examined a sample of 84 payments processed in the financial year from April 2022 to March 2023. Our test sample provides a broad cross section of payments and supplier invoices totalling £485,753.04.

It was noted that VAT Returns continue to be filed electronically on a quarterly basis.

### **Conclusions**

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation.*

## 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 those risks to minimise the opportunity for their coming to fruition.

The Financial Risk Assessment Registers were reviewed by F & GP Committee on 21st March 2023 (ref 12b)

We note that the Council's insurance cover is provided by Local Councils, have examined the current year's policy schedule effective from 10<sup>th</sup> August 2022 to 31<sup>st</sup> March 2023. Both Public and Employer's Liability are set at £10 million and Fidelity Guarantee at £1 million.

### Conclusion

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation.*

## Review of Income

Our objective in this area is to ensure that all income due to the Council is identified for prompt recovery and banking. In addition to the precept, the Council receives income from a variety of other sources including playing field hire, allotments, car parking, cemetery, general and farmers markets.

On our visit on 21<sup>st</sup> December 2022, we have examined the procedures relating to Cemetery Fees, reviewing the Burials Register, Exclusive Rights of Burial and Memorials records examining a sample of entries relating to each area covering the period from April 2022 to November 2022. This is to ensure that each is supported by all relevant and legally required documentation and that the appropriate fees have been levied and recovered within a reasonable time. Also examined on this visit was the collection of parking monies from the car park ticket machines, testing a sample of ticket receipts to the collection summary and bank statements.

On our second interim visit we examined income streams of allotments, hire of football pitches and the Orchard Community Centre.

Allotment rent letters are issued using Rialtus software. We are pleased to note at the time of the audit there were only 5 invoices outstanding, 4 of these were being new tenants. The Council has implemented a new booking system for the Orchard Community Centre and football pitches, this is managed by the Accounts Administrator. The Council also now accepts card payments through Stripe.

We further note that at the Finance & General Purposes Committee held on 17<sup>th</sup> January 2023, the Council undertook an Annual Fee review for the services it provides for the 2023-24 financial year (minute ref 9 a.).



### *Conclusions*

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation.*

## **Petty Cash, Credit Cards & Fuel Cards**

We are required, as part of the annual Internal Audit Certification process on the Annual Return, to indicate the soundness of controls in this area of the Council's financial activities and note that there is an imprest style petty cash scheme. Use of the petty cash is being discouraged; a physical check of the cash held was undertaken on this visit which had been reconciled to the end of February 2023.

The Council uses a credit card held by The Clerk for certain purchases, we are pleased to note that robust procedures have been implemented regarding its use. As part of our testing procedures the January 2023 entries were checked to the statement.

We are pleased to note that further to our previous visit the fuel card receipts are now attached to the invoices received from the provider.

### *Conclusions*

*There are no matters arising in this area to warrant formal comment or recommendation, we have ensured the accuracy of the year-end petty cash balance reported in the detailed Statement of Accounts and AGAR.*

## **Salaries and HR**

We note that payroll services continue to be produced by a local bureau provider (GH Online). The Council has implemented a new HR system (Citrus HR). This is also used to manage overtime payments, using email approval by the line manager before submission to the payroll provider.

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation.*

## **Investments and 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 and that the Council is obtaining the best rate of return on the funds held, with any interest earned brought to account correctly and appropriately in the accounting records, also that any loan repayments due to or payable by the Council are transacted in accordance with the relevant loan agreements.

During our visits we test repayments of PWLB loans as recorded in the Council's accounts to independent PWLB statements. We have agreed the repayments to the bank statements as in relation to our work on accounting and bank reconciliation.

### **Conclusions**

*We are pleased to record that no issues have currently been identified in this area and have verified the accurate disclosure of the residual year end loan liability in the AGAR from the accounts provided by DCK Accounting Services Ltd.*

### **Precept Determination and Budgetary Control**

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

We are pleased to note that, at the Town Council meeting of the held on 24<sup>th</sup> January 2023 the Council agreed that the precept for 2023-24 be set at £1,533,241. This represents an increase of 7.48% on the previous year for a band D property.

We also reviewed the level of retained funds at the year-end, assessing their adequacy to meet the Council's ongoing revenue spending requirements and future development aspirations. On 31<sup>st</sup> March 2023, the General Reserve balance stood at £348,886, earmarked reserves at £76,243 and deferred grants £16,200.

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.

### **Conclusions**

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

### **Asset Register**

The Governance and Accountability Manual requires all councils to develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture, and equipment owned by the Council.

We are pleased to note that the Council holds a detailed asset register updated by DCK to include additions and disposals for 2022-23.

### **Conclusion**

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation; we have ensured the accuracy of the year-end balances reported in the detailed Statement of Accounts and AGAR.*

## Statement of Accounts and Annual Return

The Accounts and Audit Regulations require all Councils to prepare annually a Statement of Accounts in the AGAR, which now forms the statutory Accounts subject to external audit scrutiny and certification.

We have checked and agreed entries in the Statement of Accounts generated by the accounting software to the underlying Trial Balance and other documentation provided by DCK. Similarly, we have checked and agreed the financial data reported to the AGAR.

### *Conclusions*

*No issues have been identified in relation to the verification of detail in the Statement of Accounts and AGAR this year.*

*Based on our detailed work during the year on the Council's systems of financial control and content of the detailed Statement of Accounts and that summarised detail set out in the AGAR, we have signed off the Internal Audit Report of the AGAR assigning positive assurances, in each relevant area.*