



# **Marlborough Town Council**

*Internal Audit Report 2023/24 (Second Interim Update)*

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*For and on behalf of Auditing Solutions Ltd*

## **Background**

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and systems 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 our second interim review for the 2023/24 financial year, which took place on the 20<sup>th</sup> February 2024 together with our preparatory work. We wish to thank the Officers for providing the records to facilitate our review. This report does not repeat the findings of our first interim report but, following our final review in the summer timed for after the 2023/24 accounts have been closed, we will issue a consolidated report.

## **Internal Audit Approach**

In conducting our review, we have continued to pay due regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts/AGAR. Our programme of cover is designed to afford appropriate assurance that the Council's financial systems remain 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 'Internal Audit Report' which is part of the Council's AGAR process and requires independent assurance over specified internal control objectives.

## **Overall Conclusion**

We have concluded that, based on the work undertaken so far, the Council continues to maintain effective internal control arrangements. Our findings in each area examined are set out in the detailed report below.

We request that this report is presented to Members.

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

The Council uses the Rialtas software to maintain its accounting records (the Ledger). Accounting support and advice is provided by contract accountants (RBS) in respect of the year-end and VAT.

Two operational bank accounts are maintained in the name of the Town Council at Barclays, the Business Current and Active Saver accounts. They are accounted for in a combined cashbook (number one) in the Rialtas system. The Council has invested surplus cash in an account with the CCLA Public Sector Deposit Fund.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the cashbook or financial ledgers. At this second interim review we have:

- Checked that the financial Ledger remains “in balance” at the date of our review by running a data check within the system to confirm the trial balance agrees to the nominal ledger;
- As a sample agreed the reconciliation of the cash book to the bank statements at the 31<sup>st</sup> December 2023 and 31<sup>st</sup> January 2024: and
- Agreed the transactions in January 2024 between the bank statements and the cash book.

### *Conclusions*

*We are pleased to note that the accounts are in balance and regularly reconciled to the bank with no anomalous adjustments in the reconciliations.*

*We will extend our testing at our final review checking further reconciliations and agreeing the disclosure of the bank balances in the year end AGAR.*

*We note that the bank reconciliations have not been countersigned by a Councillor since June 2023. It is best practice for Members to approve the reconciliations, although we note they are provided regularly to the Finance and General Purposes Committee. Officers have agreed to minute that Members have been provided with the reconciliations.*

## Review of Corporate Governance

Our objective here is to ensure that the Council has a robust series of corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) 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.

At this stage we have continued our examination of the Council’s minutes, examining those for the Full Council and its Standing Committee meetings (except for Planning) held during the

financial year 2023/24 to date with a view to identifying whether any issues exist that may have an adverse effect on the Council's future financial stability, both in the short and longer term.

### ***Conclusions***

***There are no matters arising from our work in this area. We shall complete our review of minutes at our final visit.***

## **Review of Expenditure**

Our aim here is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and approved 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;
- That Members are provided with, and approve, the regular schedules of payments made;
- 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 discussed with officers the controls over the processing of payments at our first review stage. At this stage we have extended our testing in this area examining a sample of all those supplier payments individually in excess of £2,000 together with a more random selection of every 35<sup>th</sup> cashbook transaction, irrespective of value, entered in the Ledger (Rialtas) cashbook for the ten months to 31<sup>st</sup> January 2024 to ensure compliance with the above criteria. Our sample now comprises 71 payments, totaling £261,724 and equates to 53% of non-pay expenditure. Invoices were provided to support all the payments in our sample. We further confirmed that control sheets detailing the BACS payments continue to be signed by the Clerk and two Members.

We note that the Council recently sought quotes for two contracts, one for replacement windows at a property in Kingsbury Square and one for construction works at the Council's workshop. We reviewed the quotes and supporting paperwork.

We reviewed the second and third quarterly VAT reclaims for 2023/24 agreeing the amounts to the VAT Rialtas record and confirming receipt of funds into the bank.

### ***Conclusions***

***No issues arise from this area of our work. We will review payments for the rest of the financial year at our final review and extend testing as necessary.***

## Budgetary Control & Reserves

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 Unitary Authority; 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. We note that:

- Finance and Policy Committee considered the 2024/25 budget at their December meeting after initial consideration by the other committees. Members were provided with a detailed financial report showing prior year, current year and proposed income and expenditure for 2024/25. This was broken down by Committee. An analysis of reserves was provided also. Members were further provided with a narrative report on key issues. Full Council met on the 8<sup>th</sup> January 2024 and agreed the 2024/25 budget and precept setting the latter at £890,930. Members considered possible projects, reserves and the impact on Council tax in reaching their decision.; and
- Members continue to receive regular budget monitoring reports quarterly which include income and expenditure reports and a balance sheet.

### *Conclusions*

*No issues arise in this area currently. We will look at outturn income and expenditure against budget at our final review stage when we will also look at reserve levels.*

## Review of Income

The Council receives income in addition to the Precept, primarily from Town Hall lettings, property rents, allotments, burial and associated fees, bank interest and specific grants & donations, together with expended VAT, which is recovered quarterly. To focus our work, we obtained and reviewed budget reports generated by the Rialtas Ledger and decided to test the following at this second review, specifically we:

- Note that Members keep fees and charges under review;
- Note the Council received CIL in the year to date of £13,124, we agreed this to a remittance advice from Wiltshire Council;
- Selected five interments from the Burial Register and confirmed a certificate for burial or cremation was on file and that the fee charged agreed to the schedule of rates published on the Council website and that an invoice had been raised and recorded in Rialtas;
- Tested five Town Hall bookings from the letting diary agreeing the income generated to an invoice, to Rialtas and to the published schedule of fees and confirmed booking forms were held on file;

- Reviewed income received in the year to date in respect of Corporate Properties and agreed the income received in respect of two properties to the respective letting agreements; and
- Reviewed the income received in respect of open spaces and agreed the income received in respect of the Mop Fair to the licence agreement.

In addition, as set out earlier in this report, we confirmed receipt of VAT reclaims and agreed a sample of receipts to the bank.

### *Conclusions*

*Based on our work so far, the Council continues to maintain systems for collecting income. We will review income for the whole year against budget at our final review stage.*

## **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 amended from 1<sup>st</sup> April 2017 with regard to employee contribution percentages.

We did a review of payroll at our first visit in October 2023. At this second review we have:

- Sample checked the calculation of back pay in respect of the national pay award which was paid in November 2023; and
- Continued our month-on-month trend analysis of payroll transactions per the cash book to enable us to confirm there are no material anomalies.

### *Conclusions*

*There are no matters arising from our work in this area.*