



## **Wilton Town Council**

*Internal Audit Report 2022-23 (Final Update)*

---

*Chris Hackett*  
*Consultant Auditor*

*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 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 for the audit of the Council's 2022/23 accounts which took place on March 8<sup>th</sup> and May 24<sup>th</sup> 2023, together with our preparatory work. We wish to thank the Clerk and Assistant Clerk for providing the information to facilitate our review.

## **Internal Audit Approach**

In completing our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential miss recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council has robust financial systems in place that 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 and requires independent assurance on specified internal control objectives.

## **Overall Conclusion**

Based on our work completed, the Council operates reasonable financial systems, our detailed findings are set out in the following sections. We have signed the Internal Audit Section of the AGAR assigning positive assurance against the control objectives.

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

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

The Council uses the Rialtas accounting software to maintain its accounting records. There are three bank accounts with Lloyds Bank, the Instant Access Account, the Treasurer's Account and the Debit Card Account with the transactions recorded in a combined cash book on the Rialtas system. We note the Council has support from DCK Accounting in maintaining the Rialtas Ledger and in the year-end closedown.

Our objective in this area is to ensure that the accounting records are being maintained accurately and in a timely manner and that no anomalous entries appear in the cash book or reconciliations. We have consequently:

- Verified that the closing balances for the financial year 2021/22 have been rolled forward correctly in the Rialtas accounting system to 2022/23;
- Ensured that an appropriate Cost Centre and Nominal Account Coding Schedule remains in place;
- Confirmed the Rialtas accounting system was in balance overall, based on the back-ups supplied for our two reviews. This was done by running a data check to confirm the trial balance agreed to the nominal ledger;
- Discussed arrangements for backing up the Rialtas system. We understand from Officers that the Council's Server is backed up every day to a Cloud by the Council's IT provider, Cloudberry;
- Reviewed the report of the External Auditor on the 2021/22 accounts to confirm there were no matters raised requiring our follow up; and
- At our interim review we tested the bank reconciliation for the cash book agreeing it to the bank statements at 31st December 2022 (although for the deposit account, (the Business Bank Instant Account), officers provided us with a spreadsheet download of transactions from the bank system rather than a statement). We then checked the January transactions between the bank statements/spreadsheet and the cash book. We noted that payments from the Debit Card Account in January and the interest on the Business Bank Instant had not been recorded in the cash book. We then viewed the reconciliation at 31st January 2023. We noted it showed a difference of £204.47. Two receipts paid into the bank in January were showing incorrectly in the reconciliation as not received. When we adjusted the reconciliation for this and the interest and Debit Card payments not added, we were able to agree the reconciliation; and
- At our final review we confirmed the cash book had been adjusted to reconcile at 31<sup>st</sup> January. We further tested the reconciliations at 28<sup>th</sup> February and 31<sup>st</sup> March and checked the entries in March between the cash book and the bank statements.

## *Conclusions*

*The Rialtas Ledger was in balance overall. There were anomalies on the January bank reconciliation which were subsequently adjusted for before the year end. We agreed the year end reconciliation and the inclusion of the bank balances in the AGAR.*

*We note that details of the bank reconciliations are reported to Members.*

## **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, that financial transactions are made in accordance with the extant Financial Regulations 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 have:

- Completed our review of the minutes (as posted on the website) of the full Council and Committees for the financial year to ensure that no issues affecting the Council's financial stability either in the short, medium or long term exist, also that no legal issues are in existence whereby the Council may either be considering or have taken decisions that might result in ultra vires expenditure being incurred;
- Noted that in October the Full Council, following initial review by Policy and Resources Committee, adopted/or as appropriate re-adopted a suite of Governance Policies including Financial Regulations, scheme of delegation and statement of internal control;
- Noted that Policy and Resources reviewed Standing Orders in March 2023 with Full Council ratifying the decision in April;
- Confirmed the Council is posting details of larger payments, over £100, onto its website in compliance with the Transparency Code; and
- Confirmed the Council advertised the audit of its 2021/22 accounts by publishing the notice of public rights.

## *Conclusion*

*The Council has Governance arrangements in place.*

## **Review of Expenditure**

Our aim here is to ensure that:

- 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 Standing Orders and Financial Regulations with regard to tendering and quotation action;

- 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;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

To gain assurance in this area we tested a sample of payments selecting from the cash book. Our sample included all payments over £2,000 and randomly every 20th payment and totalled £179,153 representing 74% of non-payroll costs in the year to 31<sup>st</sup> March 2023. We noted:

- A payment in the cash book for £4,141.91 in October 2022 comprised £808.58 for election and admin costs and £3,333.33 NNDR payments which we agreed to invoices. We noted a further NNDR payment was due to Wiltshire Council in respect of the Cemetery for £474, we were not able to identify this in the cash book. A small amount of VAT should have been shown in the cash book, £53.10 in respect of admin costs charged by Wiltshire Council;
- We selected one payment to Good Energy for £4,733.59, paid in August 2022. We understand the Council has had difficulty understanding the billing from this supplier and has subsequently changed provider. We agreed the payment to a spreadsheet summary which we understand from the Clerk was provided by the Company. Although the invoices provided by the Company in August totalled some £1,985.72 less than the cash book payment. (Officers provided 8 invoices paid in August totalling £6,319.31, which we agreed to the purchase ledger. The payment per the cash book was in four parts and totalled £8,305.02 including our sampled payment of £4,733.59. We agreed the cash book payments to a payment schedule provided to Members and to spreadsheet summaries we understand were provided by Good Energy);
- For two payments, one to local trader who provided services at a local event where the income generated was lower than anticipated and one in connection with the Cemetery, for £50 and £500, we agreed the payments to letters generated by the Clerk; and
- One Tesco till receipt for £12 could not be located.

We reviewed the Council's VAT transactions noting the balance due to the Council at 31<sup>st</sup> March 2022 had been recovered and that the quarterly VAT reclaims had been completed during 2022/23 with the funds recovered from HMRC.

### ***Conclusion***

***The Council provided evidence to support the payments in our audit sample, although there was some uncertainty about the amount paid to Good Energy.***

## **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 in order to minimise the opportunity for their coming to fruition. To this end, we have:

- Examined the Council's 2022/23 insurance policy with Axa which ran to 31<sup>st</sup> March 2023, noting that cover included:
  - Cover for buildings and contents
  - Cover for fixtures such as playground equipment
  - Business interruption insurance
  - Employer's liability £10m
  - Public liability £10m
  - Employee dishonesty £310k;
- Discussed arrangements for completing safety checks on Council play areas, which we understand are completed weekly by the ground maintenance contractor supplemented by an annual independent check by Zurich; and
- Noted the risk management policy and risk register was considered by Policy and Resources Committee in March 2023 and approved by Council in April. The risk assessment identifies the risks, assesses them and records actions to mitigate them. It includes a range of financial risks as well as risks relating to property and facilities.

### ***Conclusion***

***The Council has arrangements for managing risk.***

## **Budgetary Control and 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 the value 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 that might arise. We note:

- That Full Council receive regular financial reports detailing income and expenditure as well as details of payments and bank reconciliations;
- Following review by the Budget Working Group that Full Council approved the 2023/24 budget and precept at its meeting in December. The decision was supported by a detailed report showing 2023/24 projections at service level for both income and expenditure together with prior year comparisons; and
- At the 31<sup>st</sup> March 2023 total balances and reserves were £355,580 including earmarked amounts of £172,737 and a general reserve of £182,843. Spending in 2022/23 per the AGAR was £261,141 or £21,762 a month. The general reserve represents some 8.4 months spending.

At our final review we looked at income and expenditure for the full year 2022/23 comparing to prior years and obtained explanations for the larger variances. We note on-off items such as the receipt of grant and expenditure on capital items such as play equipment has caused variances year on year.

### ***Conclusion***

***No issues have arisen in this area from our work. The Council has arrangements for managing its finances.***

## **Review of Income**

In addition to the precept the Council receives income from grants, burial fees and hire charges relating to the pavilion and sports pitches and from the tenant in the Council's offices, Harvey & Snowden.

We have:

- Agreed the amount of the Precept for 2022/23 from the minutes to the amounts receipted into the Rialtas cash book. We further agreed the precept recorded in the accounts to the list of 2022/23 parish and town council precepts published independently by the Government;
- Confirmed that Castle Meadow Pavilion charges were reviewed recently by the Council;
- Cemetery: we selected two interments from the register of burials, occurring in October 2022. We confirmed a certificate of burial or cremation was held on file and agreed the fee charged to the schedule of rates and confirmed the income was recorded in Rialtas for recovery;
- Grants: we agreed receipt of Section 106 monies of £43,776 recorded in the accounts, to a remittance advice from Wiltshire Council;
- Castle Meadow Pavilion: we selected two bookings from the diary and checked to confirm the booking form was on file and the usage had been invoiced at the correct rate and the income recorded in Rialtas for recovery. For one, the booking form could not be located, but we understand from officers that the person is a regular hirer and that bookings forms are held in respect of this person from earlier usage;
- Reviewed and agreed two month's income from the bank statements to the Cash Book; and
- Reviewed the unpaid invoices report on Rialtas.

### ***Conclusion***

***The Council has arrangements for collecting income. There are no matters arising requiring recommendations.***

## **Petty Cash Account**

***The AGAR requires us to confirm arrangements in relation to Petty Cash. The Council does not operate a petty cash account, any out-of-pocket expenses being reimbursed by separate payment as***

*with other trade payments. Therefore, for this control objective in the Internal Audit report in the AGAR, we will note it as not applicable.*

## **Salaries and Wages**

In examining the Council's payroll function, we aim to confirm that salary payments are in line with the Council's approved pay rates and that extant legislation is being appropriately observed as regards adherence to the requirements of HM Revenue and Customs (HMRC) legislation in relation to the deduction and payment over of income tax and NI contributions, together with pension contributions in accordance with the latest announced percentage contribution rates.

We note that payroll is processed by a Bureau and that Members approve payroll payments with the total salary cost being recorded on the payment schedules sent to all Members each month. Actual payments through the bank system are authorised by two members. We obtained and tested the payroll reports for November 2022 as a sample. Specifically, we:

- Agreed pay, national insurance, tax and pension payments, per the payslips, to the Rialtas cash book;
- Checked the calculation of back pay linked to the national pay settlement and the application of the new national scales as recorded on the payslips for the Clerk and Assistant Clerk;
- Checked the calculation of tax and NI for staff per the November payroll;
- Checked the calculation of pension contributions in November; and
- Completed a trend analysis of payroll costs month on month to identify any potential material anomalies.

### ***Conclusion***

*The Council is maintaining suitable payroll records.*

## **Fixed Asset Register**

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned.

We have reviewed your asset register noting it identifies individual assets and suitably categorises them, for example recording buildings, play equipment, community assets etc. We have reviewed increases in the asset register during 2022/23 comparing to capital spend in the accounts for consistency. We have agreed the balance on the fixed asset register to the draft AGAR line 9.

### ***Conclusion***

*No matters have been identified from this area of our work requiring recommendations, the Council is maintaining its asset register.*



## **Investments and Loans**

We have tested the PWLB loan repayment instalments made in the financial year to the third party PWLB demand notices. At the year-end we confirmed the accurate recording of the residual loan liability in the AGAR by reference to the PWLB website register of all outstanding loans as at 31<sup>st</sup> March 2023.

We note the Council has no investments placed on deposit other than the Lloyds accounts tested as part of our work on the bank reconciliations.

### *Conclusions*

*We note the Council has a large sum of money held on deposit with one bank. There may be scope to increase the interest earned on funds and reduce the possible risks of any possible bank failures by diversifying the Council's deposits.*

## **Statement of Accounts and Annual Governance & Accountability Return (AGAR)**

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now in the form of the Annual Governance and Accountability Return at Section 2, which is, together with the Annual Governance Statement at Section 1, subject to independent external audit examination and certification.

We have agreed the AGAR data in Rialtas to the underlying financial information and reviewed the year end debtors and creditors. We have agreed this information to the hard copy AGAR.

### *Conclusions*

*We have duly signed off the Internal Audit Report in the year's AGAR providing a copy for the Clerk's necessary further action.*

*We also take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.*