



## **Wilton Town Council**

*Internal Audit Report 2023-24 (Final)*

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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 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 our interim and final audits of the Council which took place on March 12<sup>th</sup> and May 1<sup>st</sup> 2024, 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 the 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 Council.

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

The Council uses the Rialtas accounting software to maintain its accounting records. The Council has 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.

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 2022-23 have been rolled forward correctly in the Rialtas accounting system to 2023-24;
- 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;
- Reviewed the report of the External Auditor on the 2022-23 accounts to confirm there were no matters raised requiring our follow up; and
- Sample tested the bank reconciliation to the cash book agreeing it to the bank statements at 30<sup>th</sup> November, 31<sup>st</sup> December, 31<sup>st</sup> January, 29<sup>th</sup> February and 31<sup>st</sup> March 2024. We then checked the December, January and March transactions between the bank statements and the cash book and checked the inter-bank account transfers in these three months.

### *Conclusions*

*Based on our work the Rialtas Ledger is kept in balance. We note that details of the bank reconciliations are reported to Members and that the Mayor had signed the reconciliation at 31<sup>st</sup> January and 29<sup>th</sup> February 2024 as well as the Clerk. We have agreed the bank balances to the year-end 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, 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 the Council continues to keep its governance framework up to date. Standing Orders were reviewed in April 2023 and Financial Regulations were re-adopted by Council in February 2024 following review by the Policy and Resources Committee;
- Noted that details of payments over £500 are on the website as required by the Transparency Code; and
- Confirmed the Council advertised the audit of its 2022-23 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.

We discussed with the Clerk the arrangements for processing payments. 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 comprised 43 payments plus the regular non-domestic rate payments to Wiltshire Council on Town Council properties and totalled £123,323 representing 64% of non-payroll costs in the year to 31<sup>st</sup> March 2024. All payments in our sample were supported by suitable documentation except for one small amount of £13.67 where the till receipt had been mislaid.

We reviewed the Council's VAT transactions noting the balance due to the Council at 31<sup>st</sup> March 2023 had been recovered and that the first three quarterly VAT reclaims for 2023-24 had been completed with the funds recovered from HMRC.

### ***Conclusion***

***There are no matters arising from this area of our work requiring 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 in order to minimise the opportunity for their coming to fruition. To this end, we have:

- Examined the Council's 2023-24 insurance policy provided by Axa, which ran to 31<sup>st</sup> March 2024, noting that cover included:
  - Buildings and contents
  - Equipment
  - Business interruption insurance
  - Employer's liability £10m
  - Hirer's indemnity £5m
  - Public liability £10m
  - Employee dishonesty £0.31m;
- Noted that the Policy & Resources Committee approved the Risk Management Policy at their meeting on the 19<sup>th</sup> March 2024. The risk assessment contained in the Risk Management Policy, describes the risk, assesses them and outlines the mitigations set in place. It includes a range of financial risks; and
- Discussed arrangements for completing safety checks on Council play areas, which we understand are completed weekly by the grounds maintenance contractor.

### *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:

- After initial consideration by the Budget Working Group and Policy and Resources Committee the Full Council considered the 2024-25 budget and precept at their meeting in December 2023 setting the latter at £246,000. Members were provided with a detailed report to assist their discussions regarding the 2024-25 budget and precept, this included consideration of reserves, also a Rialtas report showing income and expenditure at service level for the current year, prior year and coming year;

- Members are provided with regular financial information to facilitate budget monitoring including Income and Expenditure accounts and balance sheets;
- The main reasons for year-on-year variances in income and expenditure as reported in the AGAR relate to receipt of Section 106 money in 2022-23 and the related spend on play equipment, this was a one off and not repeated in 2023-24; and
- Total year reserves at the 31<sup>st</sup> March 2024 were £399,137 including a general reserve of £230,001 and earmarked reserves of £169,136. Spending in the year was £222,870 or £18,572.50 a month. The general reserve is some 12 months spending. The Council may consider in the coming year spending money refurbishing the town hall and the public conveniences, although the latter may be funded ultimately by CIL.

### ***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 2023-24 from the minutes to the amounts receipted into the Rialtas cash book. Further we agreed the precept received to the listing published independently by the Government;
- Cemetery: we selected two interments from the register of burials, occurring in the financial year 2023-24. 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;
- Castle Meadow Pavilion: we selected two lettings from the booking 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;
- Reviewed and agreed three month's income from the bank statements to the Cash Book; and
- Reviewed the unpaid invoices report in Rialtas at the interim and final stage audits.

### ***Conclusion***

***The Council has arrangements for collecting income.***

## **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 who are signatories are provided with summary detail of monthly payroll costs. Total payroll costs are included also in the regular Rialtas generated Income and Expenditure reports provided to Members and placed on the website. We have obtained and tested the payroll reports for December 2023 as a sample. Specifically, we:

- Agreed the payslips for staff to the summary payroll report and to the Rialtas Cash Book;
- For the Assistant Clerk agreed her gross pay to the minute approving her hours and pay point;
- For the Clerk agreed her gross pay to her contract;
- Checked the calculation of tax and national insurance as recorded on the Clerk's December payslip;
- Tested the calculation of pension contributions to the national contribution rates and the employer's rate set by Wiltshire;
- Reviewed back pay noting the Clerk is now being paid a Management Allowance; and
- Completed a trend analysis for the 2023-24 financial year 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 note there were no additions to fixed assets with only de-minimis items of equipment being acquired in 2023-24. We have agreed the balance on the fixed asset register to the draft AGAR line 9 noting it is valued at cost as required.

### ***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 current year to the third party PWLB demand notices. We further 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 2024 at our final visit.

We note the Council is in the process of transferring surplus funds to the CCLA, we understand this has been done in 2024-25.

The Council has an investment policy in place, at the 31<sup>st</sup> March 2024 funds were held in Lloyds which we tested as part of our bank reconciliation work including confirming receipt of interest.

### ***Conclusion***

*No issues have arisen in this area of our work.*

## **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.*