



## **Wilton Town Council**

*Internal Audit Report 2023-24 (Interim)*

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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 audit of the Council which took place on March 12<sup>th</sup> 2024, together with our preparatory work. We wish to thank the Clerk and Assistant Clerk for providing the information to facilitate our review. This report will be updated following our final review, planned to take place after the 2023-24 financial year end.

## **Internal Audit Approach**

In commencing 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 to date, the Council operates reasonable financial systems, our detailed findings are set out in the following sections. We shall undertake further work at our final review covering the year end accounts.

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 at this stage:

- 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 is in balance overall, based on the back up supplied for our review. 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
- Tested the bank reconciliation for the cash book agreeing it to the bank statements at 30<sup>th</sup> November, 31<sup>st</sup> December and 31<sup>st</sup> January 2024. We then checked the December and January transactions between the bank statements and the cash book and checked the inter-bank account transfers in these two months.

### *Conclusions*

***The Rialtas Ledger is 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 as well as the Clerk.***

## 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:

- Commenced our review of the minutes (as posted on the website) of the full Council and Committees for the financial year to date 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 April 2023 and Financial Regulations were re-adopted by Council in February 2024 following review by the Policy and Resources Committee; 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, we will update our review of minutes at our final audit in the summer.***

## **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 34 payments plus the regular non domestic rate payments to Wiltshire Council on Town Council properties and totalled £100,791 representing 70% of non-payroll costs in the year to January 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 two 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 current year insurance policy with Axa which runs to 31<sup>st</sup> March 2024, noting that cover includes:
  - Buildings and contents
  - Equipment
  - Business interruption insurance
  - Employer's liability £10m
  - Hirer's indemnity £5m
  - Public liability £10m
  - Employee dishonesty £0.31m; 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. The Council is required to approve its overall risk assessment annually. We note this was done in March 2023. At our final audit we will confirm whether an up-date has been prepared.***

## 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; and

- Members are provided with regular financial information to facilitate budget monitoring including Income and Expenditure accounts and balance sheets.

### **Conclusion**

*No issues have arisen in this area from our work to date. We will review the outturn income and expenditure against budget for 2023-24 and the level of reserves at our year end audit.*

## **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.

At this interim visit we have:

- Agreed the amount of the Precept for 2023-24 from the minutes to the amounts receipted into the Rialtas cash book;
- 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 two month's income from the bank statements to the Cash Book; and
- Reviewed the unpaid invoices report in Rialtas.

### **Conclusion**

*The Council has arrangements for collecting income. We note the unpaid invoices report generated by Rialtas showed a negative balance of £571. This is where amounts in the accounts have not been matched and cleared. Whilst a technical system matter, the issue should be resolved for the year end.*

## **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. At this visit 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
- Commenced a trend analysis of payroll costs month on month to identify any potential material anomalies.

### ***Conclusion***

***The Council is maintaining suitable payroll records.***

## **Investments and Loans**

We have tested the PWLB loan repayment instalments made in the current year to the third party PWLB demand notices. We will confirm 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.

### ***Conclusion***

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