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## **Wilton Town Council**

***Internal Audit Report 2024-25 (Interim Review)***

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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 December 4<sup>th</sup> 2024, together with our preparatory work. We wish to thank the Clerk for providing the information to facilitate our review. This report will be updated following our final review, planned to take place in May 2025 after the 2024-25 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 fifteen 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 2023-24 have been rolled forward correctly in the Rialtas accounting system to 2024-25;
- 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 2023-24 accounts to confirm there were no matters raised requiring our follow up; and
- Tested the bank reconciliations for the cash book agreeing it to the bank statements at 31<sup>st</sup> May, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> October 2024. We then checked the June and October 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 Clerk and the Mayor sign the reconciliations.***

## Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place. 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;
- Noted that the Council continues to keep its governance framework up to date. Full Council approved key regulatory policies and procedures including Standing Orders and Financial Regulations at their meeting on 7<sup>th</sup> May 2024. We note NALC has recently issued new model guidance on financial regulations; and
- Confirmed the Council advertised the audit of its 2023-24 accounts by publishing the notice of public rights.

## **Conclusion**

***The Council has appropriate 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. We note the Council has an approved Policy for On-line Banking Payments which we regard as good practice. Our approach in this area is to understand the control environment, but as we only visit twice a year, we seek to examine a sample of transactions to gain assurance. We tested a sample of payments selecting from the cash book. Our sample included all payments over £3,000 and randomly every 25<sup>th</sup> payment and comprised 25 payments plus the regular non domestic rate payments to Wiltshire Council on Town Council properties and totalled £110,487 representing 70% of non-payroll costs in the year to October 2024. All payments in our sample were supported by suitable documentation. We note one payment of £4,079.98 to IdVerde for ground maintenance paid on 17<sup>th</sup> April 2024. The Clerk advised that this related to an invoice for work done in June 2023, invoice number 10885630, which the Council delayed payment on due to queries. We understand payment was made after clarification had been obtained.

We note the Council has ordered work over the £5,000, threshold which requires quotes to be sought. We enquired of two items as a sample:

- Payment to "Sign of the Times" for £13,647.73 for street name signs. The work was formally ordered on 9<sup>th</sup> July 2024, Order number 44. We understand from discussion with the Clerk that there was a delay on this work as the scope changed, also initially the work was below the £5,000 threshold. The Council further wanted all the street name signs to look the same and wished to go with the same supplier and did not seek additional quotes; and
- Repairs to Gates, payment to Redlynch Leisure for £8,200.80. Two quotes were obtained and reported to Members the work going to the firm pricing lower. The Clerk we understand sought further quotes, but was unable to obtain additional ones. We have noted similar difficulties at other councils.

We reviewed the Council's VAT transactions noting the balance due to the Council at 31<sup>st</sup> March 2024 had been recovered and that the first two quarterly VAT reclaims for 2024-25 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. We will extend our test sample at our second visit.***

## **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 provided by Zurich which runs to 31<sup>st</sup> March 2025, noting that cover includes:
  - Buildings and contents
  - Equipment
  - Business interruption insurance
  - Employer's liability £10m
  - Hirer's indemnity £2m
  - Public liability £15m
  - Employee dishonesty £0.5m; and
- Noted the Council has arrangements for regular safety checks on its play areas, which we understand are completed weekly by the grounds maintenance contractor and annually by RoSPA.

### ***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 2024. At our final audit we will confirm whether an up-date has been prepared.***

## **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 2024-25 from the minutes to the amounts receipted into the Rialtas cash book;

- Castle Meadow Pavilion: we selected one letting 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 appropriate arrangements for collecting income. We note the unpaid invoices report generated by Rialtas showed a negative balance of £124.60. 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. We will extend our testing at our final visit.*

## **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 discussed controls with the Clerk and note that payroll is processed by a Bureau. The process and controls were minuted by the Staffing Committee in September. In summary the Bureau send the reports to the Clerk who prints them off and files them. The Clerk prepares a cumulative spreadsheet showing pay for her and the minutes clerk which is circulated monthly to members. Members authorise the payment on the Lloyds system. At this visit we have obtained and sample tested the payroll reports, specifically, we:

- Agreed the payroll reports for the first six months of the financial year to the cash book and the HMRC P30 forms;
- For the two staff employed in November checked the calculation of tax, employer's and employee's National Insurance and pension contributions;
- Confirmed that the payment of Toil in April was recorded and approved in the Staffing Committee Minutes; 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. We will do further testing at our final visit.***

## **Investments and Loans**

We note the Council has an investment Strategy as minuted at Full Council in May 2024.

We note the Council transferred cash to the CCLA Deposit fund in April 2024. We agreed the balance reported in Rialtas at October 2024 to the latest CCLA statement. As a sample we confirmed the interest arising on the CCLA deposit for the period August to October from the third-party statements to the Council's Rialtas accounts.

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 31st March 2025 at our final visit.

### ***Conclusion***

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