

Abergavenny Town Council

Internal Audit Report (Final Update review) 2022-23

Claire Lingard

*For and on behalf of
Auditing Solutions Ltd*

Background

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Return (AR).

This report sets out the Internal Audit work undertaken in relation to the 2022-23 financial year; the Interim review which took place on the 28th October 2022 and supplemented by the Final Update review which took place on the 26th April 2023. We wish to thank the Town Clerk/RFO in assisting the process, providing the documentation necessary to facilitate completion of our review for the year.

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 mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford 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 'IA Certificate' in the Council's AGAR, which requires independent assurance over a series of internal control objectives.

Overall Conclusions

We advise that, based on the work undertaken this year, the Council continues to maintain generally adequate and effective internal control arrangements although we are again concerned about the quality of the Minute taking and in particular the Council's Financial reporting recorded therein. These matters were commented on, in detail during our Final Update Audit Report of the 2021-22 financial year and the Interim Audit Report of the current year. There has, however, been no discernible improvement.

We are aware of the Council's future strategic objectives which are commendable, and forward sighted. To ensure that these objectives are achieved, closer attention to Corporate Governance and reporting is required. Resultantly, we have made nine recommendations for improvement which are recorded in the main body of the report and in the appended action plan: Seven are recommendations from the prior year which we restated in the Interim review of the current year. No further recommendations have been made as a result of the Final Update audit.

We take this opportunity to thank the Town Clerk/RFO who has prepared all the required documentation for both this interim review. We are grateful for the expedient and exemplary manner in which the documents were presented and the timely basis upon which our queries were answered during this review process.

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

Detailed Report

Review of Accounting Records & Bank Reconciliations

The Council's accounting records are maintained using Rialtas Omega software with separate current and deposit accounts in place at Barclays with transactions recorded in a single cashbook in the accounting software: a daily sweep facility is in place to retain a current account balance of £10,000. The Council also holds a short-term "investment" account with the Gateway Credit Union. Further the council utilises a Barclays Bank Credit Card and Debit Card.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have consequently:

- Checked and verified the accurate carry forward of closing trial balance detail in the 2021-22 Statement of Accounts to the current year's Omega records;
- Noted that the Council maintains a Barclays Bank Credit Card with a £4,000 credit limit, which is authorised only for the Town Clerk/RFO's use, to ensure that the Town Council is able to procure items from internet products and services vendors;
- Noted that the Council received the 'Unqualified' External Auditor's report for the 2021-22 financial year;
- Checked and verified the detail in the Council's combined cashbook for two months: April, September and December 2022 and March 2023 agreeing detail to the supporting bank statements;
- Checked and verified the Gateway Credit Union account statement as at the 31st March 2023;
- Checked and verified the inter-account transactions between the current and deposit accounts for the same four months;
- Checked and verified the Barclays Bank Credit Card Statements for April 2022 with no issues arising;
- Checked and verified the detail on the monthly bank reconciliations as at the 30th April, 30th September and 31st December 2022, and the 31st March 2023; and,
- Checked the reconciliation for the Council's credit card account dated 30th September 2022, noting that the statement date is June 2022, and that the reconciliation is out of balance by -£5.33.

Conclusions & Recommendation

We have noted that, once again, there is no record in the Council's Published Minutes of any Bank Reconciliations being presented to Members for scrutiny and formal approval, as required in the NALC / One Voice Wales model Financial Regulations (Para 2.2 refers), as also adopted by the Council.

There is a generic statement which appears repeatedly in the Council's Minutes to the effect that 'Financial reports were approved' with no information concerning what reports had been approved. This is an inadequate level of reporting, as advised in our previous year report, for any council, but particularly one of Abergavenny Town Council's size. More detailed comments have been made concerning this continuing issue under the review of Corporate Governance.

R1. *The Town Clerk/RFO should ensure that reconciliations of the Council's Bank Accounts are undertaken on at least a quarterly basis and presented to Members for scrutiny and formal approval, as required in the council's own model Financial Regulations (Para 2.2 refers). Noted and Implemented.*

The reconciliation statement for the Council's Barclaycard credit card provided for the purposes of the interim audit, directly from the Rialtas backup, records that the 30th September 2022 reconciliation was conducted against the 30th June 2022 credit card statement and is -£5.33 out of balance. Credit card statements are issued on a monthly basis and the reconciliation should have been undertaken against the September, and not the June statement.

R2. *The Town Clerk/RFO should ensure that all account reconciliations are based on the most current statement issued. Noted and Implemented.*

NB: during the final update audit of the year we shall require the duly authorised, Rialtas generated bank account reconciliation statements for both the Council's bank accounts, the Gateway Credit Union Account and the Credit Card Account, as at the 30th April, 30th September and the 31st December 2022 and the 31st March 2022 to be submitted for checking and verification.

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 (SOs) and that, as far as we are reasonably able to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

Firstly, we have noted the Members' response to the Interim Internal Audit report of the year in the 15th February 2023 meeting of the Policy and Resources Committee:

“Cllr Konieczny said it had been previously minuted, and we looked at common/best practice to see what others are doing. Wales Audit Office returned unqualified return. Previous Clerk had highly commended reports from same company and no practices have changed. Advice appears to be counter productive and challenging. ATC have robust and sturdy accounting measures. Cllr Barnes would like to add a resolution to investigate a change of banks.

Cllr Burch commented that to have such a report the Town Clerk should be congratulated for her return. ...

Cllr Konieczny moved to approve the acceptance of the Auditing Solutions report and ATC response, and this was seconded by Cllr Callard. All Councillors resolved to accept the report and response.”

We note that the Town Clerk/RFO is in the process of undertaking the CiLCA qualification which will, when achieved, assist the Council in becoming eligible to adopt the General Power of Competence.

We note that the Council's Standing Orders and Financial Regulations were both re-adopted at the Annual Meeting of the Full Town Council on the 12th May 2022 under Minute references 10 and 11 respectively. The formal Tender threshold remains consistent with the extant Public Contracts Regulations, 2015, at £25,000.

We note that the Council currently maintains an official website which is published at <http://abergavennytowncouncil.gov.uk>, which is hosted on a secure server, but does not comply with

the current Accessibility legislation. Further, that although the Agenda for meetings are entered as text on the site the Published Minutes of the Full Council and its Standing Committees are only to be found embedded as hyperlinks in the Agenda text. Not all Minutes are published. I have discussed this issue with the Town Clerk/RFO directly, and I am advised that there have been multiple issues with the Council's current website including data vanishing and the website itself going off-line for a period of time, which may have been the result of a malicious action. As the Council has already taken action to replace the current website with a new one, fully compliant with extant legislation, we have made no comment in this regard.

We have concluded the review of the Council and Standing Committee minutes for the financial year to the 31st March 2023, as posted on the Council's website to ensure that, as far as we are reasonably able to ascertain, the Council has neither considered nor is considering taking any actions that may result in ultra vires expenditure being incurred.

We have noted however, that Best Practice Minute recording, particularly in relation to the reporting of the Council's Financial business is, despite the recommendations made in our prior year report, not being employed. We have again made comment and recommendations for improvement in our summary below.

We are significantly concerned to note that the Minutes approving grant payments, long term grant funding agreements and other payments continue to fail to identify the powers relied on for each such payment to be made, in line with best practice.

The Town Clerk/RFO has advised us that there have no formal tenders during the financial year to the 31st March 2023.

Finally, in this area of review, we have noted the Council's stated intention to adopt the General Power of Competence upon the Town Clerk/RFO attaining the CiLCA qualification to enable it to make Donations in addition to the Awards of Grant Aid and the long term partnership agreements that it is currently committed to.

Conclusions & recommendations

We are significantly concerned that our comments concerning appropriate and best practice minute taking, made in the prior year internal audit reports have not been implemented and that the Minutes are not currently of a standard that is appropriate for a Town Council of Abergavenny Town Council's size. Further, the reporting and recording of the Member's scrutiny of financial matters, a critical area of internal control, is not currently of an acceptable standard.

It is critical, given the aims and objectives of the Council that this situation is resolved expediently. Resultantly, I have restated our prior year advice and request that the Town Clerk/RFO and Council Members now ensure that proper implementation of these recommendations is undertaken.

Best Practice Minute Taking

We reiterate our recommendations made in the internal audit reports for the 2021-22 financial year, which will assist both her and the Council in achieving Best Practice Standards and producing Minutes to the standard required of an active Town Council: The Minutes are verbose and do not contain clear separation of business items, with clear and distinct resolutions recorded.

To this end we recommend that the Town Clerk/RFO undertakes the SLCC online course on Agenda setting and Minute taking. In the meantime, the Town Clerk/RFO may wish to view Chepstow Town Council's online Minutes as an example of Best Practice Agenda setting & Minute taking by a Welsh Council. The hyperlink is included below:

http://www.chepstow.co.uk/Meetings_Agendas_and_Minutes_30231.aspx

R3. *To ensure Best Practice in the setting of Council and Committee meeting Agenda and Minute taking, the Town Clerk/RFO should, as soon as is practicably possible, enrol on an SLCC or OVW course for Agenda setting and Minute taking. Noted.*

Recording the Council's Financial business: Agenda & Minutes

The Minutes of a Council form its permanent legal record of all business resolved and transacted by Members. It is critical that all Councils conduct their business, and particularly their Financial Operations not only properly and transparently, but that they are seen to conduct their business properly and transparently, in full compliance with their Standing Orders and Financial Regulations.

Of particular concern is the fact that, once again, financial matters are recorded as a homogenous grouping and not identified clearly and distinctly. Stating that Finance reports were received and approved without identifying what reports were considered by Members is not acceptable. In the Minutes of the Council and its sub committees to the 30th September 2022 there is not one single mention of any identifiable bank reconciliation having been scrutinised by Members and subsequently Approved.

The Council's own Financial Regulation requires that:

- "2.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit (Wales) Regulations, appropriate guidance and proper practices.*
- 2.2 On a regular basis, Chairman of Policy & Resources Committee shall verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations."*

It is deemed Best Practice that Council's include a specific Finance section of the Agenda of every meeting of the Full Council, or its Finance & General Purposes Committee where one exists. This should include:

- 1. Presentation of the uniquely identified Schedule of Payments with supporting Invoices for Scrutiny, Approval and Signature by Members : (Monthly).*
- 2. Presentation of the Income & Expenditure report (Omega generated) for the preceding month, for Scrutiny and Approval by Members : (Monthly).*
- 3. Presentation of original Bank Statements and corresponding (Omega generated) Bank Reconciliation Statements for Scrutiny, Approval and signature by Members : (Preferably Monthly but at least once quarterly).*
- 4. Presentation of the Budget Vs Actual report (Omega generated) for the year to the prior month end – (At least once quarterly).*
- 5. Presentation of the Council's Reserve position as at the prior month end – (At least once quarterly).*
- 6. Presentation of Annual draft Budget and Precept for Scrutiny and Approval by Members : (Annually).*

7. ***Presentation of the Annual Return and Accounts information for Scrutiny and Approval by Members : (Annually).***
8. ***Presentation of proposed Virements of funds to and from Earmarked reserves : (Prior to a Virement being transacted).***

As indicated in our prior year internal audit reports, each item included on the Agenda should be Resolved separately and that Resolution recorded formally, in the corresponding Minutes. An example Best Practice recording of financial matters may be found under Minute reference 123 of the 24th November 2021 Minutes of Chepstow Town Council. The hyperlink is included below:

<http://www.chepstow.co.uk/ UserFiles/Files/ Minutes/127157-Minutes OM 24th November 2021.pdf>

R4. In line with best practice, the Scrutiny, and Resolution for Approval or Non-approval for Payment Schedules, Income & Expenditure Reports, Bank Statements, Bank Reconciliations, Budget Vs. Actual Reports, Reserves Statements, Budget & Precept, Annual Return & Accounts and Virements should be recorded and uniquely identified as separate line items under a dedicated 'Finance' section in the corresponding Council or Committee Minutes. Noted.

Recording of Powers to incur expenditure, awarding grants and donations

We have noted that, after this situation had been corrected, the Powers under which Members are Resolving to make the Award Grant Aid and Donations, are no longer being recorded in the Minuted Resolution. As the Council is not yet eligible to adopt the General Power of Competence it is a mandatory requirement that the Powers under which these awards are made are recorded alongside the Award of the Grant in the Minuted Resolution. For example:

- ***Resolution to Award Grant Aid to a Bowling Club to assist with the restoration of the bowling green - (Local Government (Misc. Prov.) Act 1976, s.19).***
- ***Resolution to Award Grant Aid to local events, i.e., a fireworks display, community event, event promoting the local area - (Local Government Act 1972, s.145).***
- ***Resolution to Award Grant Aid to a Climate Change initiative/organisation which is a non-political body - (Climate Change and Sustainable Energy Act 2006, s.20).***
- ***Resolution to Approve the Award of Grant Aid to a Citizens Advice Bureau - (Local Government Act 1972 s.142 (2A)).***
- ***Resolution to Approve the Award of Grant Aid to a Search & Rescue organisation - (Public Health Act s.234).***
- ***Resolution to Approve the Award of Grant Aid to a Sports Club: Rugby/Football/Gymnastics etc., - (Local Government Act 1972 s.145).***

We also remind the Town Clerk/RFO and Members that organisations which are in receipt of direct government funding, i.e., the NHS and associated medical services providers, Schools, Armed Services, Police Services, Fire Services, and individuals are not eligible to receive any funding whatsoever from Town, Community or Parish Councils under any circumstances whatsoever. Councils may Award Grant Funding and Donations to properly constituted charities and other not for profit organisations which are based and/or active locally within the Council's boundaries as established by the Local Governments Boundaries Commission (Wales).

R5. The Town Clerk/RFO and Members must ensure that when making the Award of Grant Aid the Power under which all Awards are made is properly considered and formally recorded in the Minutes of the Full Town Council and its Standing Committees with the Local Government Act 2000, s.2 (s.137) only being used as the 'Power of last resort', which may

only be used when no other Power exists, and the applicant is not a prohibited organisation or individual. Noted.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council and Trust resources are released in accordance with the approved procedures and budgets;
- Payments are appropriately supported, 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;
- An official order has been raised on each occasion when one would be expected;
- 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 note that the Council now pays all traders and staff salaries online and have discussed the operative procedures for processing and approval of payments for release with the Town Clerk/RFO and consider them to be generally sound, with the Town Clerk/RFO setting up the payments and a nominated councillor then, following advice of the payments being set up, going online, reviewing the detail, and then releasing the payments. We note that the Town Clerk/RFO has now produced a number of Financial Procedures documents to ensure business continuity should a key member of staff be absent from work at any time.

We have concluded our Review of Payments, checking & verifying a of 71 payments in total for the financial year to the 31st March 2023. The sample includes all payments in excess of £1,000 and every fifteenth payment irrespective of value to ensure compliance with Financial Regulations. The test sample totals £407,209.12 and equates to 93% by value of non-pay related payments in the year. Only eighteen out of the seventy-one payment documents submitted for audit bore any clear evidence of scrutiny, verification and scrutiny by the Town Clerk/RFO and Members.

We have checked and verified all four quarterly VAT returns, which have been produced and submitted directly from the Rialtas Omega accounting system with no issues arising.

Conclusions & recommendation

It is critical that all Council's are able not only to undertake, but also to demonstrate that they have undertaken, robust internal controls in relation to the processing of payments. This is not currently evident as there is not clear and detailed recording of the Council's internal control procedures, related to finance recorded in the Council's Minutes and there is a lack of clear evidence of Town Clerk/RFO and Member Scrutiny in relation to the physical payment documents.

R6. The Town Clerk/RFO and Members must ensure that each payment document is checked and verified by the Town Clerk/RFO and authorised by Members prior to being approved for payment. Clear evidence of that process must appear on the face of each payment

*document, as demonstrated on the seven payment documents which had the authorisation stamp applied to them with detail completed. **Noted.***

We suggest that the Town Clerk/RFO work together to document the Council's Financial Procedures from procurement to financial data recording in Rialtas Omega, authorisation and payment, thereby ensuring that Best Practice Financial Compliance and robust Financial Controls are maintained at the Council.

R7. *The Town Clerk/RFO should work together to document the Council's Financial Procedures, to be scrutinised and formally Approved by Members. **Noted & implemented.***

Review of Risk Management & Insurance provision

In this area we aim 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.

We are again pleased to acknowledge the existence of a word based Register of Risks for the 2022-23 financial year, which was adopted at the Annual Meeting of the Full Town Council on the 12th May 2022 under Minute reference 9. We have examined the content and consider it adequate for the Council's current requirements.

We have also examined the content of the Council's insurance schedule with Zurich Municipal under a Select for Local Councils Policy: Policy number YLL-2720434523, Schedule number MLAACE06 which includes cover at the following levels:

- Public Liability £10 million
- Employers Liability £10 million
- Personal Accident £2 million (£500,000 per individual)
- Libel & Slander £250,000
- Fidelity Guarantee £250,000
- Legal Expenses £200,000

We consider that cover remains appropriate for the Council's ongoing requirements.

The Town Clerk/RFO has confirmed that the Council is not responsible for any play area or recreation ground.

Conclusions

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of 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 level of precept to be drawn down from Monmouth CC: 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 also noted that consideration of budgetary performance is given in the Council's committees and recorded in the corresponding minutes. However, due to the vague and homogenous treatment of the Financial Reporting statements recorded in the Minutes of the Full Council to the 31st March 2023 it is not possible to comment further on this matter.

We noted during the Interim review that the Town Clerk/RFO and Members were engaged on a budget setting and precept determination process. We further note that Members subsequently Resolved to Receive and Accept the 2023-24 financial year budget proposal with the Precept being established in the amount of £537,086, at the Extraordinary Meeting of the Full Town Council of the 18th January 2023, under Minute reference FC/03/23.

We have further noted that the Council has seven formally established earmarked reserves (EMRs) recorded in Omega. The movement on the Council's EMRs during the 2022-23 financial year is recorded as follows:

EARMARKED RESERVES FY2022-23

01.04.22	Opening Balance	£114,500
	In-year net transfers	-£ 45,000
31.03.23	Closing Balance	£ 92,000

We note that the Council's Reserve position as at the 31st March 2023 stood at £377,754 (£362,664 prior-year) including earmarked reserves of £92,000 (£133,924 prior-year) leaving a General Reserve balance of £228,740 (£174,650 prior-year), which equates to approximately seven months' revenue spending at average 2022-23 financial-year levels, and sits only slightly above the generally accepted Chartered Institute of Public Finance and Accountancy (CIPFA) guidance to retain between 3 and 6 months prior year's revenue expenditure as a General Reserve.

Finally, in this area of review, we note that members continue to receive budget reports periodically throughout the year based on the Omega accounting software. We have reviewed detail of the final Omega budget outturn report for the financial year obtaining explanations for any significant variances arising by reference to the detailed nominal account transaction codes, and the detailed Variance reports provided by the Town Clerk/RFO with no further explanation or investigation required.

Conclusion and recommendation

Abergavenny Town Council has significant plans for future development which are to be commended. To ensure that these plans are successful and based to the extent that it is possible on properly informed decisions, it is essential that Members are mindful of the Council's overall budgetary performance at all times. The budget vs. actual report should be reviewed at full Council at least once at the end of each quarter with any significant variances (under or over spends) given detailed explanation.

R8. The Town Clerk/RFO should prepare a full Budget vs. Actual report for the Members on at least a quarterly basis, including a detailed explanation for any significant variances of expenditure. Members are required to Receive and Approve/not Approve the Budget vs. Actual report and have their Resolution formally recorded in the Minutes of the corresponding meeting of the Full Council. Noted.

Review of Income

Our objective in this area is to ensure that the Council identifies and recovers all income to which it is entitled and has appropriate arrangements in place to ensure its prompt recovery. The Council has very limited income sources, primarily the annual precept, quarterly VAT reclaims and bank interest, together with occasional grants and donations.

We have examined the detailed nominal account transactions for the financial year ensuring that, as far as we are reasonably able to ascertain, no miscodings have occurred and all anticipated income has been received and banked in a timely manner.

Conclusions

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Petty Cash Account

The Council does not operate a petty cash account, any ad hoc expenses incurred by officers being reimbursed through the normal payment processing system.

Conclusions

There are no matters arising in this area of review warranting formal comment or recommendation.

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 Revenues and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions.

We note that payroll preparation is now outsourced to a local accountancy firm, E H Accountancy, with appropriate documentation provided to facilitate processing of monthly payments of net salaries to staff members, HMRC and the pension fund administrators.

We have:

- Noted that the Town Clerk/RFO (appointed 01.09.22) is remunerated against the NJC SCP grade system on the basis of a 37 hour week, under a full employment contract;
- Noted that the Administration Officer (appointed 09.05.18) is remunerated against the NJC SCP grade system on the basis of a 12 hour week (pro rata), under a full employment contract;
- Checked and verified the payroll from the 1st April to the 30th September 2022, with no issues arising;
- Agreed the gross salaries paid to both officers in July 2022 by reference to the Council's approved pay scales as set out in the staff employment contracts, which we examined last years;
- Ensured that tax and NI deductions for both months have been calculated accurately applying the appropriate tax code and NI Table by reference to the relevant HMRC calculators;

- Similarly, ensured that appropriate employee and employer contributions to the pension scheme have been determined and deducted for both months; and,
- Checked and verified the Members allowances paid via the payroll in July 2022 with no issues arising.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Fixed Asset Registers / Inventories

The Governance and Accountability Manual requires all Councils to prepare and maintain registers of their stock of land, buildings, vehicles, furniture and equipment. We note that the council continues to maintain a basic Fixed Asset Register in Microsoft Excel and a ‘headline’ Fixed Asset – Insurance list maintained in Microsoft word. We have reviewed the Fixed Asset Register and Fixed Asset – Insurance list for the 2022-23 financial year noting that there are no recorded in-year acquisitions or disposals. The Town Clerk/RFO advises me that she is in the process of undertaking a formal review of the Council’s Fixed Assets as at the date of this report.

Finally, in this area of our review, we have checked and verified the Fixed Asset Value recorded in the Register at £119,766 (*£119,766 prior year*). This value has been disclosed in the AGAR Section 2 – Accounting Statements for the 2022-23 financial year.

Conclusions

No matters arise currently warranting formal comment or recommendation. However, in line with best practice, we suggest that the register be developed as a photographic register of assets.

Review of Investments & Loans

Our objectives here are to ensure that the Council is “investing” surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment institutions, that an appropriate investment policy is in place, that the Council is obtaining the best rate of return on any such investments made, that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

The Council holds its funds in a Barclays Current and Savings Account and a Gateway Credit Union Account. We have checked and verified the receipt of that interest, and the 31st March 2023 account balances with reference to electronic copies of the prime supporting documentation, cross-reference the disclosed balances in the corresponding Rialtas Omega cashbooks where present.

Account	Cashbook Number	Reconciled Value as at 31.03.23
Barclays current account	1	£10,000.00
Barclays savings account	1	£347,753.91
	Sub-total	£357,753.91
Gateway Credit Union account (<i>Statement date 24.10.22</i>)	No Rialtas cashbook	£20,000.00
	Total	£377,753.91

We have noted that the Council continues to maintain an Investment Policy, (*last reviewed and adopted at the Annual Meeting of the Full Town Council meeting on the 12th May 2021, under Minute reference 12*). We have noted that the Council does not appear to be following the terms as set out in this policy document and take this opportunity to remind the Town Council that it is obliged to protect, as far as is reasonably possible to do so, the public funds under its management. Currently the Government's Financial Services Compensation Scheme (FSCS) :

<https://www.bankofengland.co.uk/prudential-regulation/authorisations/financial-services-compensation-scheme>

provides protection for to £85,000 invested in one institution for organisations with a turnover of less than €500,000 per annum. Consequently, as at the 31st March 2023, approximately £272,753.91 (£393,675 as at the 30th September 2022) of public funds under the Council's management were not fully protected by the FSCS.

The Town Clerk/RFO has certified that the Council has no loans owed by it, or to it.

Conclusion & recommendations

Given the volatility in the market and future geopolitical uncertainty, we again recommend that the Town Council take steps to ensure that the public funds under its management are protected to the extent that it is possible to do so, with the objective of ensuring that each of the Town Council's deposits is covered by the Government's FSCS. To this end, we strongly recommend that the Council reviews its current investment holdings in line with its Adopted Investment Policy.

Whilst we cannot act as financial advisors, a number of our clients in Wales and England are placing a proportion of their surplus funds in the CCLA Public Sector Deposit Fund continues to provide an efficient investment solution, which spreads the risk of the council's investment amongst 'A' rated financial institutions. This is a robust and resilient management fund which provides Councils the ability to move funds to and from this account with 24 hours-notice. This is one of the investment opportunities which are available to Councils and investment solutions are available from other providers in this market. Members may wish to seek Independent Financial Advice in this regard.

R9 The Town Council should expediently consider the level of funds it has invested in its accounts with Barclays Bank and consider how the Council can best protect the public funds under its management, seeking independent financial advice in this matter, if Members deem such action appropriate. Noted.

Statement of Accounts and Annual Return

The Council's Rialtas accounting system automatically generates the Management Accounts, Balance Sheet, Trial Balance, Income & Expenditure Accounts and Reserves reports as part of the software's year-end closed down procedure.

We have checked and verified these reports, against prime documentation, and consider that the Council's Accounting reports accurately records the 2022-23 financial year's transactions. The software also generates the detail for inclusion in the year's Annual Return, which we have also verified as being consistent with the accounting and other relevant supporting records.

We have also reviewed the procedures in place for identifying year-end debtors, creditors and accruals and agreed the detailed values recorded in the year-end Balance Sheet to the underlying records with no long-standing unpaid accounts or other issues arising.

Conclusion

We are pleased to record that there are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year, we have “signed off” the Internal Audit Certificate in the Annual Return assigning positive assurances in all areas.

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NOTE TO REPORT

We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.’s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company’s data and document retention policies and with the prevailing General Data Protection Legislation.

Action Plan

Rec. No.	Recommendation	Response
Review of Accounting Records and Bank Reconciliations		
R1	The Town Clerk/RFO should ensure that reconciliations of the Council's Bank Accounts are undertaken on at least a quarterly basis and presented to Members for scrutiny and formal approval, as required in the council's own model Financial Regulations (Para 2.2 refers).	<i>Noted and Implemented.</i>
R2	The Town Clerk/RFO should ensure that all account reconciliations are based on the most current statement issued.	<i>Noted and Implemented.</i>
Review of Corporate Governance		
R3	To ensure Best Practice in the setting of Council and Committee meeting Agenda and Minute taking, the Town Clerk/RFO should, as soon as is practicably possible, enrol on an SLCC or OVW course for Agenda setting and Minute taking.	<i>Noted.</i>
R4	In line with best practice, the Scrutiny, and Resolution for Approval or Non-approval for Payment Schedules, Income & Expenditure Reports, Bank Statements, Bank Reconciliations, Budget Vs. Actual Reports, Reserves Statements, Budget & Precept, Annual Return & Accounts and Virements should be recorded and uniquely identified as separate line items under a dedicated 'Finance' section in the corresponding Council or Committee Minutes.	<i>Noted.</i>
R5	The Town Clerk/RFO & Members must ensure that when making the Award of Grant Aid the Power under which all Awards are made is properly considered and formally recorded in the Minutes of the Full Town Council and its Standing Committees with the Local Government Act 2000, s.2 (s.137) only being used as the 'Power of last resort', which may only be used when no other Power exists, and the applicant is not a prohibited organisation or individual.	<i>Noted.</i>
Review of Expenditure & VAT		
R6	The Town Clerk/RFO should work together to document the Council's Financial Procedures, to be scrutinised and formally Approved by Members.	<i>Noted and Implemented.</i>
R7	The Town Clerk/RFO and Members must ensure that each payment document is checked and verified by the Clerk/RFO and authorised by Members prior to being approved for payment. Clear evidence of that process must appear on the face of each payment document, as demonstrated on the seven payment documents which had the authorisation stamp applied to them with detail completed.	<i>Noted.</i>
Review of Budgetary Control and Reserves		
R8	The Clerk/RFO should prepare a full Budget vs. Actual report for the Members on at least a quarterly basis, including a detailed explanation for any significant variances of expenditure. Members are required to Receive and Approve/not Approve the Budget vs. Actual report and have their Resolution formally recorded in the Minutes of the corresponding meeting of the Full Council.	<i>Noted.</i>
Review of Income		
R9	The Town Council should expediently consider the level of funds it has invested in its accounts with Barclays Bank and consider how the Council can best protect the public funds under its management, seeking independent financial advice in this matter, if Members deem such action appropriate.	<i>Noted.</i>