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04 October 2024

The Town Clerk

**Kingswood Town Council
Kingswood Civic Centre,
High Street,
Kingswood,
Bristol
BS15 9TR, UK**

Interim Internal Audit – April 2024 to September 2024

This is the first internal audit review in 2024/2025 to check that the Town Council adheres to the requirements set out in the Governance and Accountability for Smaller Authorities in England to ensure that compliance is maintained.

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

We confirm that we are independent of the Council.

The internal audit work we have carried out has been planned to enable us to give our opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2024-2025 Annual Governance and Accountability Return (AGAR).

We have complied with the legal requirements and proper practices set out in:

- 'Accountability and Governance for Smaller Authorities – A Practitioners' Guide (England)' 2024
- The Accounts and Audit (England) Regulations 2015 (as amended).

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Background

Kingswood Town Council had income and expenditure of between £100,000 and £200,000 in 2023-2024 and was subject to review by the External Auditor, PKF Littlejohn. The Council had two “other matters” recorded on their Conclusion of Audit Notice and Certificate from the External Auditor in 2023-2024 which stated:

“Except for Matters”

The smaller authority was established in May 2023, therefore did not undergo a review in the prior year. As a result, we have not reviewed any evidence to support the prior year comparatives on the AGAR.

The smaller authority has confirmed that it has not complied with the governance Assertions in Section 1, Boxes 4 and 5, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified. This is consistent with the Internal Auditor’s response to Internal Control Objectives C, M and N.

(Audit Note: It is our opinion that all these points will be resolved from the submission of the Annual Governance and Accountability Return in 2024-2025).

The Council is not a sole managing trustee.

It is good practice for the Council to comply with the Local Government Transparency Code 2015.

The Council’s accounting records are maintained on RBS Alpha Software.

The first interim internal audit visit was agreed with the Town Clerk to be carried out on Tuesday 01 October 2024. The Internal Audit review would be carried out remotely, but consultations have continued by video link and telephone conference calls.

The Town Clerk provided back-up information in advance of the review for the period April 2024 to September 2024 to support the current governance and financial management position of the Council.

We have noted the continued growth of the Town Council since its inception. Due diligence is being carried out by the Town Clerk to pursue securing dedicated premises for the Town Council. The Town Council are looking for a suitable site which could be utilised for the Town Council offices.

Once identified this may require further diligence work to adapt and refurbish the premises to make them suitable for the Town Council. The Town Clerk will seek to appoint a Project Manager to oversee any work required and will be mindful of the requirements set out in the Town Councils Financial Regulations to ensure that all works are undertaken with the regulatory framework and powers of the Town Council.

An appointment of a Community Engagement, Events and Project Officer has been made which will provide clear opportunities to provide support to the local community as part of the community engagement. These opportunities can include the provision space at the new Town Council offices for community use to further community projects and engagement.

The Town Council are in the process of using an outsourced Finance Officer with a view that this will provide additional support the Town Clerk helping with financial management tasks of the Town Council. It is intended that this will be a short-term measure until the Town Council establish itself in new premises when it will be possible to employ a Assistant Town Clerk with responsibilities including the financial management of the Town Council.

We are pleased to note that introduction of a Reserves policy which have been approved and adopted by the Council. We discussed with the Town Clerk to also consider an Investment Policy for the future particularly as the Town Council are substantially increasing its Precept for 2024-2025. **(Audit Note: it is our opinion that this will provide a clear strategy to ensure that it maximises its return on investments).**

We note that continued use of the General Power of Competence and we confirm that the Town Council continue to meet the criteria to meet the requirements to comply with using GPC as the Council retain a CILCA qualified Clerk and sufficient appointed Town Councillors.

The Town Council have recently upgraded the RBS Alpha Software to have this stored in the I Cloud which is available with this product from Rialtas Business Solutions. All transactions for the period April 2024 to September 2024 were recorded on the Alpha software and we are confident that its use has provided an effective system to record its financial transactions and budget information.

We have carried out independent audit tests using various financial records, vouchers, documents, Minutes and insurance documentation to ascertain the efficiency and effectiveness of the Town Council's internal control framework.

Bank Reconciliations

- The financial totals as at 30 September 2024 were confirmed and are accurately shown in the management accounts as detailed on the bank reconciliation.
- A sample of BACS, direct debits, standing orders, transfers were checked and accounted for in the period 1 April 2024 to 30 September 2024.

Income and Expenditure

- A test check on income and expenditure for the period 1 April 2024 to 30 September 2024 was carried out to ensure details are accurate to the bank statement details for the Town Council.

Payroll Information

- The Contract of Employment provided by the Town Clerk for the Community Engagement, Events and Project Officer was checked and to ensure that these had been signed to accept the Contract details. We also checked to ensure that suitable arrangements are in place to deduct PAYE from gross salary for all employees during the 2024-2025 financial year to date.
- It is noted all employees are paid monthly, and subsequent payments to HMRC for payment of PAYE/National Insurance are in place. The Local Government Pension Scheme has been approved by the Town Council and will be started in 2024/2025.
- The Town Council continue to outsource its payroll function to a payroll provided as approved by the Finance and Administration Committee.

Insurance

- We have checked and are satisfied that the Insurance arrangements made with Zurich Insurance for the Town Council are sufficient for both the Public Liability and Employer Liability and the current size of the Town Council.
- However, we would recommend in light of the increased Precept 2024-2025 that the Fidelity Guarantee of £50,000 should be increased.

Transparency Code Regulation 2015

- We continued to note the best practice requirements of the Transparency Code 2015 and ICO Publication Scheme are recorded on the Town Council website to ensure compliance with the regulation.
- As a reminder the information to displayed on the Council website is as follows:
 - All policies that have been approved by the Council.
 - A copy of the Asset Register
 - A copy of the latest Risk Assessment
 - A list of payments over £500 should be uploaded to the Council website each quarter.
 - Town Council and Committee agendas and minutes.

Accounts and Audit Regulations 2015

- We further checked that that Town Council comply with the publication requirements needed to be displayed on the Town Council website once the submission of the Annual Governance and Accountability Return 2023/2024 has been submitted to the External Auditor. We also checked that the Town Council comply with the requirements of the Accounts and Audit Regulations 2015, that they must publish the following information on the authority website/webpage:

Before 1 July authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- Section 1 - Annual Governance Statement, approved and signed
- Section 2 - Accounting Statements, approved and signed

Not later than 30 September authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

(Audit Note: We are pleased to note that all publication requirements have been satisfied to meet the requirements of the Accounts and Audit Regulations 2025 and the best practice recommendations to publish the Annual Internal Audit Report).

Town Council Website -Website Accessibility Statement

- A Website Accessibility Statement had been uploaded and displayed on the Council Website to publish the requirements of the Website Accessibility Regulation 2018.

Minutes of the Town Council

- Minutes of the Town Council are held on the Town Council website and Town Clerk has ensured that a full set are held on file. These are signed by the Chairman of the Town Council to agree the details are an accurate record of the proceeding and debate of the Council meetings. ***(Audit Note: The Council are reminded that each page of the Council minutes should be initialled to confirm the accuracy of the information recorded in the Minutes).***

Other matters to be brought to the Council's attention

- We have noted that a VAT reimbursement claim has been received for the period April 2023 to March 2024. We recommend that VAT claims should now be submitted on a quarter basis in 2024/2025.
- The budget 2024/2025 has been prepared by the Town Clerk which reflects the increases in staff costs and the management agreements. The Town Council are now reviewing budget and actual figures on a regular basis to ensure all income and expenditure is correctly identified. All budget report information will be produced by the Town Clerk. If Councillors require further details on budget matters, they should request this direct from the Town Clerk.
- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2024 and will be able to tick “Yes” to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2024/2025 to comply with the requirements of the Accounts and Audit Regulations 2015. We will also be able to tick “Yes” to Control Objective M on the Annual Internal Audit Report 2024/2025.
- We note that the risk assessment for 2024/2025 will need to be approved at a full Town Council meeting before the 31 March 2025 to meet the requirements of the Accounts and Audit Regulations 2015. **(Audit Note: We understand that this will be done at the full Town Council meeting in November 2024).** Once approved and minuted by the full Town Council we will be satisfied that the Council can tick “Yes” to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2024/2025. We will then be able to tick “Yes” to Control Objective C on the Annual Internal Audit Report 2024/2025.
- The Clerk will be updating the Asset Register to record any new purchases and Asset transfers for 2024-2025 and this should be presented, approved and Minuted by the Town Council before the 31 March 2025. For 2023/2024 the Council can tick “Yes” to Section 1, Assertion 6 on the Annual Governance Statement on the AGAR 2023/2024. We will be able to tick “Yes” to Control Objective H on the Annual Internal Audit Report 2023/2024.
- To meet the best practice requirements set out in the Practitioners Guide 2024 we have been reminded by the External Auditor to ensure that all Councils record the following details in the Minutes of full Council in each financial year:
 - the appointment or continuing appointment of the Internal Auditor.
 - that the Internal Auditor is independent of the Council.
 - the effectiveness of the Internal Audit.

(Audit Note: We recommend that these best practice requirements are recorded in the Minutes of the full Council in each financial year).

Next Steps

This report should be noted and taken to the next meeting of the Council to inform them of the Internal Audit work carried out. The details of this Internal Audit Letter Report should also be Minuted by the Council.

Tim Light FMAAT
Internal auditor