

St Ives Town Council

Internal Audit 2023/24

Summary of work carried out, conclusions and recommendations

Internal control objective	Work carried out	Conclusions	Recommendations
<p>A Appropriate accounting records have been kept properly throughout the year.</p>	<p>We have reviewed the accounting system and have checked that information is recorded accurately and promptly.</p>	<p>Appropriate accounting records have been maintained throughout the year.</p>	<p>None – the system is working satisfactorily.</p> <p><i>Council Response:</i></p>
<p>B The Council’s financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</p>	<p>We have reviewed expenditure with a view to considering appropriate approval, and ensure that input VAT is claimed, where appropriate. We have also reviewed the adequacy of the financial regulations and standing orders.</p>	<p>The Financial Regulations have been considered during the year and are being followed. There is adequate evidence to support expenditure and VAT is treated correctly. Regulations are being reviewed and updated on a satisfactory basis. We have noted that figures stated in Box 10 initially included an amount of interest due on the PWLB loan. This is to be revised prior to publication. Also, an amount described as a loan (£25,000) was received in the prior year. No outstanding capital amount has been recorded within box 10 despite repayments being made in the year. Due to the lateness of this being discovered, the clerk is to investigate and provide updated information as soon as it is available.</p> <p>Consider response to Assertion 1</p>	<p>The balance stated in Box 10 on Section 2 of the AGAR should include the capital element of <u>all loans held by the Council</u>. The council therefore need to identify all loans outstanding so that they can be appropriately reflected</p> <p><i>Council Response:</i></p>

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<p>C The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>We have reviewed the Risk Register and given consideration as to whether all significant risk have been identified, correctly assessed and appropriate actions taken to mitigate the risk.</p>	<p>We note that the Risk Register has not been reviewed during the current year which is not in line with the requirements for assertion 5 as detailed in the Practitioners' Guide March 2023.</p> <p>Consider response to Assertions 2 & 5</p>	<p>The Risk Register should be review annually and checks adequately undertaken.</p> <p><i>Council Response:</i></p>
<p>D The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<p>We have considered how the Council monitor actual income / expenditure against budgeted figures. We have reviewed the level of reserves held by the Council and how this has impacts upon budgeting for 2023/24.</p>	<p>There are reasonable explanations for the variances between actual and budget. A new Finance & Policy Committee has been created to increase the level of scrutiny applied to budgetary reviews. We consider that the level of reserves and are aware of a significant % increase in precept for 2024/25 based on the recommendation of the new Clerk to increase the reserves of the Council.</p>	<p>None – the changes implement during the year ensure the system is working satisfactorily.</p> <p><i>Council Response:</i></p>
<p>E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</p>	<p>We have confirmed the precept due for the year and agreed its receipt. We have reviewed other income received and considered whether there were any apparent omissions. We have also test-checked the output VAT to the VAT accounts in the nominal ledger.</p>	<p>Precept and other income have been recorded accurately and in line with expectations. All income sampled has been accounted for appropriately including VAT.</p>	<p>None – the system is working satisfactorily.</p> <p><i>Council Response:</i></p>

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F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	We have considered the level of petty cash held along with the level of transaction during the year.	The level of petty cash held is minimal. We see no reason for the Council to keep a large amount of cash on a permanent basis and consideration is being given to scrapping petty cash altogether.	None – the system is working satisfactorily. <i>Council Response:</i>
G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	We have tested the payroll for a specific month for correct deductions and have considered variances on gross salaries across the year. We also tested that the payments of net salaries and deductions were made by the required dates.	Although the majority of payroll has been operated in a satisfactory manner, we have noted a significant issue with regards to an exceptional payment made to an employee for termination which does not appear to have been approved by the Council. The matter is currently under investigation. Consider response to Assertion 2 & 5	The issue of a payment being made without the approval of the Council highlights significant weaknesses in controls. We are aware that since the year-end additional procedures have been introduced by the new Clerk to avoid a recurrence of the issue. <i>Council Response:</i>
H Asset and investments registers were complete and accurate and properly maintained.	We have reviewed the asset register and long-term investments and have given considerations to movements during the year.	The asset register has been moved onto a new software package and a difference exists between the register and accounts which the Council intend to remedy during the next year. We have also noted the long-term investments were incorrectly shown at their valuation amount rather than cost.	The Council should ensure that the asset register accurately reflects the assets of the Council. Long-term investments should also be accounted for at original cost with gains or losses only recognised upon disposal. <i>Council Response:</i>

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I Periodic and year-end bank account reconciliations were properly carried out.	We tested a selection of bank reconciliations throughout the year including the year end.	Bank reconciliations are properly prepared.	<p style="background-color: #92d050;">None – the system is working satisfactorily.</p> <p><i>Council Response:</i></p>
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	We have reviewed the accounting statements prepared for the year ended 31 March 2024 to ensure they have been prepared correctly on an income and expenditure basis and are adequately supported.	Accounting statements have been prepared on and income and expenditure basis. We are satisfied that there is an adequate audit trail from the accounting records to the accounting statements and to the Annual Return. We have checked that debtors and creditors are appropriate to the activities of the Council.	<p style="background-color: #92d050;">None – the system is working satisfactorily.</p> <p><i>Council Response:</i></p>
K If the Council certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt.	We have confirmed the Council was subject to a limited assurance review in 2022/23.	The Council was not exempt from limited assurance review in 2022/23.	<p style="background-color: #92d050;">None – Council was subject to limited assurance review as required in 2022/23.</p> <p><i>Council Response:</i></p>

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<p>L The Council publishes the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.</p>	<p>We have reviewed the Council's website to confirm it is meeting the requirements of the any relevant regulations.</p>	<p>The Council is not meeting its publishing requirements. We note that Section 1 & 2 of the AGAR are not shown for 2022/23 nor the External Auditor report for 2019/20 (these are available for previous years). We also note that copies of the Notice of Public Rights document are not retained on the Council's website (as is best practice) and no reference is made to where or how these can be obtained.</p> <p>Consider response to Assertion 7</p>	<p>We would recommend that the Council publish on its website the recommended documentation for the previous 5 years including the Notice of Public Rights, Section 1 & 2 of the AGAR and External Audit report.</p> <p><i>Council Response:</i></p>
<p>M In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</p>	<p>We have reviewed the notice announced in the summer of 2023 and have considered this along with Sections 1 and 2 of the 2022/23 AGAR. The date of the notice was before the AGAR was approved. We have obtained evidence that this notice has been published on the Councils website.</p>	<p>The Council has not fully met its obligations to allow the public to inspect the financial records in line with the requirements of the Accounts and Audit Regulations. The announcement pre-dated the Council's approval of the AGAR and this should be dated after the approval of the AGAR. In all other respects out testing finds that this assertion has been met.</p> <p>Consider response to Assertion 4</p>	<p>The Council should ensure the announcement for the period for the exercise of public rights is made after the approval of the AGAR.</p> <p><i>Council Response:</i></p>

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N The authority has not complied with the publication requirements for 2022/23 AGAR	We have reviewed the documentation published by the Council in relation to the 2022/23 AGAR.	We note the Notice of Public Rights Document and Section 1 & 2 of the AGAR were not published on the Council's Website (as is best practice) and no reference is made to where or how these can be obtained. Consider response to Assertion 7	We would recommend that the Council publish on its website the recommended documentation for the previous 5 years including the Notice of Public Rights and , Section 1 & 2 of the AGAR. <i>Council Response:</i>
O Trust funds (including charitable). The council met its responsibilities as a trustee.	We have reviewed the Council's position in relation to the Norris Museum and Library, and Burghley Hill.	The Council is continuing to provide support the Trusts and has oversight of the income and expenditure. There remains a separation of the Trusts and the Council, especially for governance purposes. We have noted the there are document filings outstanding with Charities Commission and therefore the Council has not met its responsibilities to support and manage the Trust, as a trustee Consider response to Assertion 9	The Council should ensure that documents required for filing are submitted in line with reporting deadlines. (All outstanding documents have now been submitted albeit late) <i>Council Response:</i>

Key

	We are satisfied that the requirements of the objective have been fully met.
	We have identified some minor issues preventing the requirements of the objective to be fully met or recommendations for where best or better practices could be considered.
	We have serious concerns that the requirements of the objective are not being met and attention is required as a matter of priority.