LIGHTATOUCH

7 Hodder Close, Chandlers Ford, Hants, SO53 4QD.
Tel: 07762 780605 Email: Tim.Light1@hotmail.co.uk

14 July, 2021

The Town Clerk

Alton Town Council

Town Hall

Market Square

Alton, Hants

GU34 1HD

Dear Leah

First Interim Internal Audit Report

Alton Town Council – April 2021 - June 2021

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 to be 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 2021-22 Annual Governance and Accountability Annual Return (AGAR).

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

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2021
- The Accounts and Audit (England) Regulations 2015 (as amended).

Background
Alton Town Council had income and expenditure in 2020/2021 of between £1,000,000 and £1,500,000 and is subject to review by the External Auditor, PKF Littlejohn.
The completion of the Accountability and Governance Annual Return 2019/2020 was submitted to the External Auditor on 16 June 2021.
The Conclusion of Audit Notice for 2020/2021 is yet to be issued by the External Auditor and will only be sent at a date after the completion period for the Exercise of Public Rights on Friday 23 July 2021.

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 Omega Software

We have reported in previous internal audit reports that the Council Offices remain closed to the public due to the continuation of the Covid 19 pandemic.

With the Government's intended relaxation of Covid 19 restrictions from 19 July 2021 the Town Council will need to consider its position and whether to set a date for reopening the Town Council Offices to the public.

This will also be matched with the current hybrid working arrangements for staff to ensure that the necessary resource requirements are available to open the Town Hall Building.

Current lobbying by the National Association of Local Council (NALC), Society of Local Council Clerks (SLCC) and other public sector organisations to press the government to provide clear legislation so that Authorities can meet virtually or have a mixture of hybrid arrangements is currently ongoing.

The results from a recent Government Survey are yet to be analysed before any decision will be taken by the Government in due course. Currently Councils are having to adapt or be creative to meet face to face so current legislative requirements are met.

We have been informed that the Council are now using a hybrid arrangement to satisfy the requirements of the current legislation whereby a quorate number of Councillors meet face to face for meetings.
(Audit Note: The Council should keep under review both flexible working arrangements for staff and face to face meeting requirements for Councillors to ensure the "public face" of the Council is maintained. It should also take any opportunity to review current arrangements to provide a more effective and efficient service that complies to the legislation but also is able to provide an "open service" to the Public and Council Taxpayers).

This audit visit was agreed with the Town Clerk and the Finance and Administration Manager to be carried out on Monday 07 July 2021 at the Town Council Offices observing the social distancing guidelines set out by the Government.

Internal audit checks

We have undertaken a series of audit tests on the Council's financial records, vouchers, documents, Minutes, policies, procedures, and insurance documentation to ascertain the efficiency and effectiveness of the Town Council's internal control framework. This internal audit report is based on the audit testing carried out at the visit.

During this visit we checked and sample tested the following:

- Minutes of Council and Committee Meetings
- Policies and Procedures
- Bank and cash
- Investments
- Petty Cash
- Budgetary Management
- Income and Expenditure
- Contract and Lease Arrangements
- Payroll
- VAT claims
- Covid 19 arrangements
- Financial Risk Assessment
- Transparency of the Council website

Findings

Details of good practice noted, our recommendations and other matters to be brought to the Council's attention are set out below.

Good practice

- The Council continues to maintain its books and records on RBS Omega Software.
- Staff are aware of the requirements of GDPR
- The Council is registered with the ICO.
- A scheme of delegation has been introduced to ensure continuity during the Covid 19 pandemic.
- Details of total payments authorised at meetings are recorded in the Minutes.
- All income records including cash and cheque transactions are appropriate and recorded correctly
- All expenditure items could be traced and are recorded correctly in the financial ledger.
- Petty cash is maintained, recorded, and approved appropriately.
- All records continue to be up to date and easy to follow.
- The Council take an active scrutiny role.
- The Council maintain a strong investment position.
- Contract and Tendering arrangements adhere to those recorded in Financial Regulations.
- The budgeting process is detailed, thorough and monitored throughout the year.
- Bank reconciliations are carried out each month and were accurate.
- VAT claims continue to be submitted to HMRC on a regular basis.

- Payroll information is calculated correctly, showing appropriate deductions for PAYE, National Insurance and Pension Contributions.
- Sales Invoices are raised when appropriate to record income due to the Council.
- The Council's website continues to meet the requirements of the Transparency Code Regulation 2015.
- The Council have considered and Minuted the risks associated with Covid 19.

Recommendations

Town Council Credit Card.

- An authenticity checked should be carried out by the Assistant to the Town Clerk on all purchases recorded on the credit card statement to agree they are correct and accurate.
- The Assistant to the Town Clerk should use the same stamp provided which records the approval of invoices. She should initial and date the credit card voucher to show the check has been carried out.
- The Finance and Administration Manager should approve all entries recorded on the credit card statement before payment is made. She should check that the authenticity check has been undertaken by the Assistant to the Town Clerk and the credit card voucher has been initialled.
- The Finance and Administrative Manager should sign the Credit Card statement to authorise that payment can be made.

Bank Reconciliations.

- the Chairman of the Policy and Resources Committee should sign and date the bank reconciliations quarterly to confirm that bank reconciliations have been carried out accurately as part of Town Council scrutiny role.

Other matters of note brought to the Council's attention

- The Council continues to remain active during Covid 19 to support local organisations and community groups who require help and support. The Council are providing resilience funding although this does not form part of the Councils normal income streams as money held is on behalf of support group. We continue to highlight that caution should be taken as these funds form part of the Councils income and expenditure and may impact on levels to be reported to the External Auditor.
- We have noted that the Council decided at their meeting on 29 April 2020 to retain its current Standing Orders until May 2021. This is now overdue for review and should be brought to the next meeting of the Policy and Resources Committee.
- Financial Regulations should be reviewed and readopted in 2021/2022 to ensure they are up to date and are fit for purpose***. (Audit Note: It is recommended that the use of Credit Card procedures is included in the review).***
- The framework for contracting certain services that fall beneath the £25,000 Contracts threshold is currently ongoing. The Town Clerk is drawing up a preferred list of Contractors who are registered with the Town Council for certain types of service provision and this will be brought to the Town Council for ratification in due course.
- A review of the financial risk documentation has been carried out at this Internal Audit Review and an updated version for 2021/2022 will be reported separately to the Town Council.

Conclusion

Based on the tests we have carried out at this interim internal audit visit, in our view, the internal control procedures in operation are appropriate to meet the needs of Alton Town Council except where we have made recommendations in this report.

Next review

It was agreed with the Finance and Administration Manager that a remote health check review of the financial management for the Council will take place in November 2021, as a date yet to be agreed.

The next internal audit visit has been arranged for **Monday 14 February 2022**.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- Budget approval 2022/2023
- VAT claims
- Contract of Employment
- Payroll
- Transparency Regulation 2015
- Website Accessibility Regulations 2018

Next Steps

This report should be noted and taken to the next meeting of the Town Council.

The Council should decide what action will be taken on the recommendations we have made.

Tim Light FMAAT and Paul Reynolds FMAAT
Internal auditors