LIGHTATOUCH

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

15 October, 2020

The Town Clerk

Alton Town Council

Town Hall

Market Square

Alton, Hants

GU34 1HD

Dear Leah

Second Interim Internal Audit Report

Alton Town Council – July 2020 to September 2020

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 2020-21 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)' 2020
- The Accounts and Audit (England) Regulations 2015 (as amended).

Background
Alton Town Council had income and expenditure in 2019/2020 of between £1,500,000 and £2,000,000 and is subject to review by the External Auditor, PKF Littlejohn.
The completion of the Accountability and Governance Annual Return 2019/2020 has been submitted to the External Auditor. The conclusion of audit notice for 2019/2020 was received from the External Auditor on the 11 September 2020 which stated one "other matter" as follows:

The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.

(Internal Audit Note: We note that this was amended by the Clerk and returned to the External Auditor which resolved their outstanding issue and no other matters were reported from their review).

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

The Council Offices continue to remain closed to the general public, however it has retained full functionality and has been staffed by Officers since the 23rd March 2020.

A system is in place for booking appointments if a member of the public wish to come into the Council Offices.

This audit visit was agreed with the Clerk and was carried out on Monday 12 October at the Council Offices observing the social distancing guidelines set out by the Government.

We have noted from this visit that the Council continue to support local businesses through the setting up of the Resilience Fund which has proved valuable to the Local Traders and Community.

It is noted however, that some of the tenants from properties owned by the Council have left which has had an impact on the income received through the period July to September 2020.
These properties are:

- 13 Market Square – this was rented by Tindle News who left on 31st August. A new tenant "The Twisted Teacup" moved in from 1st September but were given 1-month free rent.
- 16 Market Square (no 2)– this was rented by Fexco. They notified the Council in August that they were not going to reopen post Covid19 pandemic and have left the building.
- Finnimore Pavilion – This was rented by a tenant who gave notice on 30th September to hand the property back immediately.

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 a sample of the following:

- Minutes of Council and Committee Meetings
- Policies and Procedures
- Bank and cash
- Investments
- Petty Cash
- Budgetary Management
- Income and expenditure
- Payroll
- VAT claims
- Covid 19 arrangements
- 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 remain aware of the requirements of GDPR and the Council is registered with the ICO.
- 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 continue to maintain a long-term investment position.
- Tendering processes applied that are appropriate to the requirements recorded in financial regulations.
- The budgeting process is detailed, thorough and monitored throughout the year.
- Bank reconciliations are carried out promptly 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 Regulations 2015.

Recommendations

- There are no formal recommendations made from this second interim internal audit visit.

Other matters of note brought to the Council's attention

- We are pleased to report that the recommendation made in the first interim internal audit report that bank reconciliations should be signed and dated by the Assistant to the Town Clerk each month has been implemented.
- We note that the Minutes of the Policy and Resources Committee have yet to be signed by the Chairman for the financial year 2020/21 due to meeting remotely. At the point when it is possible for these to be signed, we continue to recommend that the Chairman should also sign and date the bank reconciliations for the first two quarters to confirm that bank reconciliations have been carried out accurately as part of Town Council scrutiny role.
- The Council has remained 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. Caution should be taken as these funds will form part of the Council's income and expenditure and may impact on the income and expenditure levels to be reported to the external auditor in 2020/2021. ***Audit Note: We continue to remind the Council of the professional debate as to whether funds in these situations should be operated separately by Councils in another bank account.***
- We are pleased to report that the recommendation made in the first interim internal audit report that the Council should obtain the use of a Bank Debit Card for purchasing items on-line has been received and will now be used in preference to avoid the need for personal credit card purchases to be used on behalf of the Council.
- We are pleased to report that the Website Accessibility Regulations 2018 statement is currently being prepared and dialogue continues with the website provider to ensure that Town Council can comply with the new regulations.

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, in all significant respects, appropriate to meet the needs of Alton Town Council.

Next visit

The next internal audit visit has been arranged for **Monday 15 March 2021**.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- Financial Risk Assessment
- Transparency Regulations 2015
- Website Accessibility Regulations 2018

Next Steps

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

Tim Light FMAAT and Paul Reynolds FMAAT
Internal auditors