



Emma Payne
Stotfold Town Council
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22nd October 2024

Stotfold Town Council Interim Internal Audit 21st October 2024

Parish & Town Auditing Services were appointed to undertake the internal audits at Stotfold Town Council in July 2024. The first interim audit of the 2024/25 financial year was undertaken on Monday 21st October 2024 in order to ensure that the Town Council is on track for a successful Internal and External Audit for the 2024/25 financial year.

I can confirm that I am independent of the Town Council.

As stated in the Letter of Engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete Section 4 of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year. In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Audit Practices Board and our procedures are not designed to provide assurance over the reliability and quality of your financial statements. This will be undertaken by the Council's appointed External Auditor.

We are required by the Annual Internal Audit Report included in the Annual Governance and Accountability Return (AGAR) to review controls in place at the Council against predefined control assertions. These controls are included in the following report.

First Interim Audit

At this visit I reviewed the following areas:

- Follow up previous recommendations;
- Review of accounting and VAT processes;
- Risk management and insurance;
- Income;
- Budget monitoring;
- Salaries and Wages;
- Transparency Code data.

I reviewed the previous Internal Audit Report for 2023/24 carried out on 11th May 2024. No issues had been raised.

A. Appropriate accounting records have been properly kept throughout the financial year.

Council and Committees:

The Town Council has five Committees in place following a restructure of Committees which came into effect on :

- Governance & Resources Committee
- Public Realm Committee;
- Buildings Management Committee;
- Community Engagement Committee;
- Planning Committee.

Council receives regular reports providing detailed accounts information including monthly accounts for payments and a budget report.

Minutes:

Full Council minutes are sequentially numbered and uploaded on to the Council's website.

Financial records:

The Council uses the Rialtas Omega accounting system to record all its financial transactions. Reports are generated from the system.

Bank Reconciliations

All the Council's accounts are reconciled monthly and signed off by the appointed Councillor and the Clerk. Noted that the Councillor signatory on the bank reconciliations is not a bank signatory as per financial regulations.

Investment Policy

Council has an investment policy in place and this is updated annually.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Sample of paid invoices received from suppliers

A sample of invoices paid has been reviewed and found to be in order. No material differences have been identified. Invoices are individually signed off by the Clerk and 2 Councillors, coded and supported by a Purchase Order. The process is robust and in line with Financial Regulations.

Financial Regulations:

Financial Regulations have been reviewed and are based on the latest NALC version. The limits are accurate especially with regard to tenders. However, Standing Orders do not have the same limits as the revised Financial Regulations.

Standing Orders

Standing Orders are based on the NALC Model Standing Orders and have been reviewed but not updated.

Recommendation: That Standing Orders be reviewed and that any amendments based on legislative or other requirements be implemented. Note that Standing Orders should reflect the Financial Regulations especially with regard to financial limits. This currently needs to be addressed.

Procedure for payment of invoices:

Invoices are received and inputted into the financial software. Each purchase is accompanied by a Purchase Order which is authorised by the Town Clerk. Each invoice is then signed off by two members and the Town Clerk.

Recommendation: Council may wish to consider adopting an Internal Control Statement that sets out the procedure to ensure accurate continuity in the future.

Tenders

Council has awarded two tenders over £30,000.

Christmas Lights Tender. Award of tender minuted 293/24.1: [Stotfold Town Council Christmas Lights Tender - Contracts Finder](#)

Skate Park: Award of tender minuted under 288/24.1: [Wheeled Sports Facility - Contracts Finder](#)

VAT submissions

VAT is submitted quarterly. Quarter One claim was received on 26th July 2024. Second quarter submission has been submitted.

Debit/Credit Cards

The Council operates 3 credit cards. The credit limit across all 3 cards is £5,000 and this has been reviewed by Council. The 3 cards of credit limits of £3,000, £1,500 and £500.

A review of credit card payments has not been undertaken during this interim audit.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Risk Register

There is a Risk Register in place and this is reviewed annually when the AGAR is formally adopted by Council.

Insurance Policy

Council is insured with Zurich Municipal. A Copy of the insurance schedule has been reviewed and is in order. Adequate cover is included for the Council's assets and the policy is a standard policy relating to the sector.

Play Areas

Minute noted that the annual independent risk assessments have been carried out. Copies of the inspection reports have not been reviewed during this internal audit.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Budget and Precept

Precept was set by Full Council on 31st January 2024 (Minute 212/24.2)

A copy of the budget is uploaded on the website and has been inputted into the accounts system.

Both tranches of the precept have been received. Receipt has been confirmed from the bank statements in April and September 2024.

Budget Monitoring Reports

Reports are presented monthly to Full Council with budget, expenditure to date and variance against budget. These are included in the relevant agenda and presented to Members.

Earmarked Reserves

Earmarked Reserves are in place and updated throughout the year. Total at start of year was £2,467,814.31 with net transfers (allocation and spend) of £50,389.30 to date.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Aged Debtors (3 months, 6 months and beyond)

A list of debtors and creditors was reviewed. There are a number of outstanding debtors. These will be reviewed at year end.

Allotment Records

A copy of the Master Allotment Tenancy Agreement has been reviewed. Each tenant is required to sign the tenancy agreement. Allotment records are maintained using the Rialtas Allotment suite.

Burial Records

Council records its burials using the Rialtas Cemetery suite. Information is uploaded on to the website and a burial search can be undertaken.

There is a list of all burial fees and charges on the website. A copy has been reviewed and these have been adopted by Council.

Hall Hire

A sample of invoices was undertaken. Hirings are recorded using the Rialtas Booking suite.

Leases

The Council has three land leases in place. These are included on the asset register. Council also has a photocopier and franking machine on lease.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

Council does not operate a petty cash.

G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Salaries

A basic review of Salaries, Tax/NI and PAYE has been undertaken. Payroll is undertaken inhouse and the relevant reports are printed off and signed off by the Clerk. PAYE and NI requirements are properly applied.

All staff have contracts of employment. A random check of 4 contracts was undertaken. The area of review was to confirm that the salary scale included in the contract of employment reflected the current salary paid. No material differences were identified.

Member Allowances

The Council does not pay Member allowances.

Pensions

Council is a member of the Local Government Pension Scheme and Nest. Council makes monthly payments as required and appropriate records are maintained to keep a track of pension payments throughout the year.

H. Asset and investments registers were complete and accurate and properly maintained.

Asset Register

An asset register is maintained on the Rialtas accounting system and updated as required.

Recommendation: It is recommended that Council reviews its asset register to make it clearer and update the insurance values so that they are in line and reflect the Insurance Schedule cover. (Noted that there appears to be a glitch in the Rialtas asset register module and the insurance values are not being accurately transferred to the cover page).

Insurance Policy

A copy of the insurance schedule has been reviewed and is in order.

Long-Term Investments

No long-term investments over 12 months have been identified.

Loans

The Council has four loans outstanding. Balances as at 31st March 2024 were:

PW481904	£520.07
PW483097	£2,324.42

PW483797	£13,752.02
PW490888	£37,288.02

I. Periodic bank account reconciliations were properly carried out during the year.

The Town Council carries out proper bank reconciliations on a monthly basis. The Council currently operates six bank accounts:

- Unity Trust Current Account;
- Barclays Imprest Account;
- Barclays Instant Access Savers Account;
- Unity Trust Instant Access Account;
- SumUp Business Account;
- CCLA Public Sector Deposit Fund.

Reconciliations are signed off by the Clerk and a Member of the Governance & Resources Committee (previously the Establishment Committee)

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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

- The Council operates its accounting system on an income and expenditure basis.
- Debtors and creditors are properly recorded.

K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick “not covered”) Yes No* Internal control objective Not covered**

Not applicable.

L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

All relevant information has been uploaded onto the Council’s website and meets the Transparency Code requirements.

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 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).

- Copies of exercise of public rights notice have been uploaded on to the website;
- Exercise of Public Rights correctly minuted with dates (Minute 284/24.5 from 27th June to 7th August 2024);
- There are over six years Annual Governance statements uploaded.

- The 2023/24 AGAR was approved by Council on 16th May 2024 (Minute 284/24.3 & 284/24.4).

Thank you for your hospitality and for all the information you have provided.

I would be grateful if you could present this report at the next available meeting of Full Council.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Russell', written in a cursive style.

Paul Russell, Internal Auditor