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Mrs P Rigby
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25 April 2023

Dear Pauline

NORTHLEACH WITH EASTINGTON TOWN COUNCIL

Internal audit report - Year ended 31 March 2023

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.

I am bound by the ethical guidelines of the Institute of Chartered Accountants of England and Wales. I confirm that I am independent of the Council.

The internal audit work I have carried out has been planned to enable me to give my opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2022-23 Annual Governance and Accounts Return.

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

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2022
- The Accounts and Audit (England) Regulations 2015 (as amended).

I was appointed as internal auditor to the Town Council for 2022-23 on 28 September 2022.

My final internal audit visit for 2022-23 was on 25 April 2023.

Background

Northleach with Eastington Town Council has income and expenditure of between £100,000 and £200,000 and is subject to review by the external auditor, PKF Littlejohn. The Council's annual report from the external auditor for 2021-22 was unqualified.

The Council's accounting records are maintained on Scribe. The Council operates a petty cash system. The Council is a sole managing trustee of the King George V Playing Field.

The Council is not required to comply with either Transparency Code as it's income and expenditure falls between the thresholds for which either of the Transparency Codes apply.

Internal audit checks

I 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 I checked the following:

- Minutes of Council Meetings
- Bank and cash
- Petty cash
- Income
- Expenditure
- VAT claims
- Payroll
- Risk assessment
- Asset register
- Transparency
- Action taken on the recommendations in prior report
- Year end checks

Findings

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

Good practice

- The Clerk is CiLCA qualified
- The Council maintains its books and records on Scribe software
- All records were up to date and easy to follow
- The Council's Standing Orders and Financial Regulations are reviewed regularly and are tailored appropriately for the Council
- The Council has appropriate policies in place
- The Clerk is aware of the requirements of GDPR and the Council is registered with the ICO
- Councillors attend training by the local branch of the National Association of Local Councils
- Bank reconciliations are prepared accurately and regularly

Good practice - continued

- Bank reconciliations are carried out promptly each month, and are checked by a councillor
- Details of all payments authorised at meetings are recorded in the minutes
- All payment vouchers tested were evidenced as approved
- The payroll is operated by an independent external payroll provider
- All eligible employees have either been auto-enrolled in a pension scheme or have opted out in writing
- All employees have contracts of employment
- The budgeting process is detailed and thorough and monitored throughout the year
- VAT claims are made regularly
- The Finance Committee takes an active scrutiny role
- There are strong internal controls over cash receipts
- The risk assessment has been adopted during the year
- The asset register is complete and accurate and has been properly maintained
- Adequate insurance is in place
- Action has been taken, or is underway on all of the recommendations in the last internal audit report.

Recommendations

Petty cash float and bar stock

- I recommend that the Council formalises and evidences the controls and checks that are currently carried out in respect of the bar float and bar stock. This would include keeping a record of the stock counts that are undertaken when stock is re-ordered, and the Town Clerk checking and evidencing the cash reconciliation that is carried out when takings are paid into the bank.

Other matters to be brought to the Council's attention

- The Annual Internal Audit Report was completed with positive responses to all relevant control objectives.

Conclusion

Based on the tests I have carried out at this internal audit visit, in my view, the internal control procedures in operation are adequate to meet the needs of Northleach with Eastington Town Council.

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 I have made.

Kind regards

Yours sincerely

A handwritten signature in blue ink, appearing to read "Bridget Bowen". The signature is fluid and cursive, with the first name "Bridget" and the last name "Bowen" clearly distinguishable.

Bridget Bowen FCA - Internal auditor