

Bridget.C.Bowen FCA
86 High Street
Weston
Bath BA1 4DD

Tel: 07465 416597

Email: bridget.c.bowen@outlook.com

Mrs V Lawrence
Clerk to Fairford Town Council
The Community Centre
High Street
Fairford
Glos GL7 4AF

12 May 2024

Dear Vanessa

FAIRFORD TOWN COUNCIL

Internal audit report - Year ended 31 March 2024

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 2023-24 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)' 2023
- The Accounts and Audit (England) Regulations 2015 (as amended).

I was appointed as internal auditor to the Town Council for 2023-24 on 16 April 2023.

My audit reviews for 2023-24 were completed on 23 January 2024, 8 March 2024 and 7 May 2024.

Background

The Clerk has been with the Council for many years and is CiLCA qualified.

Fairford Town Council has income and expenditure of between £200,000 and £300,000 and is subject to review by the external auditor, PKF Littlejohn. The Council's received a clean annual report from the external auditor for 2022-23.

The Council is not a sole managing trustee.

As the Council's income and expenditure exceeds £200,000 it is considered best practice for the Council to comply with the Local Government Transparency Code 2015.

The Council's accounting records are maintained on Scrobe accounting software.

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 review.

I checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash
- Petty cash
- Income
- Expenditure
- VAT claims
- Payroll
- Risk assessment
- Insurance
- Asset register
- Budgets and reserves
- Transparency
- Public Rights
- Year end checks
- Public Rights

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
- The Finance Committee takes an active scrutiny role
- Councillors attend training by the local branch of the National Association of Local Councils
- Councillors undertake regular spot checks throughout the year
- Bank reconciliations are prepared accurately and regularly
- 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
- All allotment holders have signed tenancy agreements
- A formal burial register is maintained
- 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 risk assessment has been adopted during the year
- The asset register is complete and accurate and has been properly maintained
- Action has been taken, or is underway on all of the recommendations in the last internal audit report
- The Council mostly complies with the Local Government Transparency Code (2015)

Recommendations made in March 2024

Minutes of meetings

- The total amount of expenditure approved at meetings is not always recorded in the minutes. I recommend that the amount of expenditure approved at each meeting is included in the minutes.

This has now been added to former minutes and is being included from now on.

Policies and procedures

- The Standing Orders and Financial Regulations should be updated for the increases to the thresholds over which contracts must be competitively purchased, in line with the most recent amendments to the Public Contracts Regulations 2015.

The thresholds have been changed again very recently by a Statutory Instrument published in December 2023.

SI 2023 No 1117 - The Public Procurement (Agreement of Government Procurement) (Thresholds) (Amendment) Regulations 2021 came into force on 1 January 2024 and increases the threshold in sub paragraph a) for public works contracts from £5,336,937 to £5,372,609, and the threshold in sub-paragraph c) for goods and services from £213,477 to £214,904.

SI 2022 No 1390 - Amendments to the Public Contract Regulations 2015 came into force on 21 December 2022 and increases the threshold set out in Section 109 2c) ii) over which contracts must be competitively purchased from £25,000 to £30,000.

The Council should be aware that the NALC Model Financial Regulations have not been updated for these changes, and therefore the clerk would not have been aware of them.

This is to be done at a Full Town Council meeting this summer.

Risk assessment and insurance

- The Council should consider increasing its fidelity guarantee insurance to cover the year end balance plus three quarters of the annual precept

This is to be done at the next Finance Committee meeting in June 2024

Transparency

- The Council is not currently fully complying with the Local Government Transparency Code (2015). It is good practice for Local Councils with income and expenditure in excess of £200,000 to comply. More detail on grants and contracts over £5,000 should be supplied.

Action is underway on this.

- It is good practice for the Publication Scheme to be published on the Council's website.

This has now been done

Recommendations from review undertaken on 7 May 2024

Minutes of meetings

- The external auditors report should be formally noted by the Council and recorded in the minutes.

Risk assessment and insurance

- The Council undertakes regular checks on open spaces and play areas and play equipment is checked annually by RoSPA. However, this is not included in the risk

assessment. I recommend that the action required to mitigate risk of injury and liability to third parties is formally included on the risk assessment

Other matters to be brought to the Council's attention

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

Conclusion

Based on the tests I have carried out at this internal audit review, in my view, the internal control procedures in operation are adequate and meet the needs of Fairford 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', is written over a light blue rectangular background.

Bridget Bowen FCA

Internal auditor