

# **Abingdon-on-Thames Town Council**

*Internal Audit Report 2023-24 (Interim update)*

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*For and on behalf of  
Auditing Solutions Limited*

## **Background and Scope**

Statute requires all Town and Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council complied accordingly, in terms of independence from the Council decision making process, appointing a local practice to provide the service for the Council from the outset. Subsequently however, we at Auditing Solutions Limited, were appointed for 2010.

This report sets out the work undertaken in relation to the 2023-24 financial year to date which was completed by 22<sup>nd</sup> and 23<sup>rd</sup> November 2023 and 28th February 2024. We have undertaken our reviews and we wish to thank the staff in assisting the process, providing all necessary documentation to facilitate completion of our reviews for the year to date. We have also ensured that governance and financial controls remain effective.

## **Internal Audit Approach**

In undertaking our review for the year to date, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts/Annual Return. We have employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks in a number of key areas in order to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Annual Internal Audit Report' in the Council's Annual Return, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

We have concluded that, on the basis of the programme of work we have undertaken, the Council has maintained adequate and effective internal control arrangements.

At our initial review we did, however, find one area that we considered that the Council should undertake a review for which we have made a recommendation. This is set out in our report and in the recommendation in the appendix to this report.

We ask that members consider the content of this report and acknowledge that the report has been reviewed by Council.

This report has been prepared for the sole use of Abingdon-on-Thames Town Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely on, for any reason whatsoever, this report, its content or conclusions.

# Detailed Report

## Review of Accounts and Accounting Arrangements

Our objective has been to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers, which continue to be maintained in bespoke (Omega) software with two bank accounts still operated at NatWest supplemented by a Reserve Saver account at Santander. We have to date: -

- Ensured that an appropriate cost centre and nominal ledger coding structure remains in place;
- Checked and agreed the closing Trial Balance detail in the Omega software for 2022-23 to the opening Accounts for 2023-24 to ensure that all balances have been properly rolled forward;
- Checked and agreed two sample months transactions (April & October 2023 & January 2024) in the main, combined cashbook to the relevant NatWest Current and Liquidity Manager bank statements, including the daily “sweep” transfers; and
- Verified that regular, monthly bank reconciliations continue to be undertaken on all accounts, noting that appropriate hard copies are retained on file, that members are regularly provided with same and that these are signed off by appropriate officers and lead members. We have checked and agreed those as at (April & October 2023 & January 2024) on all accounts with no matters arising.

### *Conclusions*

*No issues requiring formal recommendation have arisen in this area currently. We will undertake further work at our final review.*

## Review of Corporate Governance

Our objective here is to ensure that the Council has robust Corporate Governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have: -

- Examined the minutes of meetings of the Full Council and its Standing Committees held throughout the current financial year to January 2024 to ensure that no issues affecting the Council’s financial stability either in the short, medium or long term exist, also that no other issues are in existence whereby the Council may potentially be considering or have taken decisions that might result in ultra vires expenditure being incurred; and
- The Council’s Standing Orders and Financial Regulations were revised and approved by Full Council in September 2023 and February 2024 respectively.

## *Conclusions*

*No issues requiring formal recommendation have arisen in this area currently. We will undertake further work at our final review.*

## **Review of Expenditure**

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- An official order has been raised for all purchases and service delivery where one would be expected;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have continued testing in this area, examining a sample of payments from the cashbook to February 2024.

We previously noted that when grants are paid by the Council there are no copy receipts reviewed to confirm that the expenditure is in accordance with the approved application. Clause 3.6 of the grants policy also indicates that the recipient of the aid should provide a report within 12 months of the payment, this clause should also include copy receipts.

We note that VAT Returns continue to be submitted electronically as required by extant legislation and have verified the 2023 submissions for June, September and December 2023 to the underlying control account balances.

## *Conclusions and Recommendations*

*The control of creditors and VAT is very well managed.*

***R1: With regards to grant aid, the review process of the expenditure for the funds should include copy receipts and a report from the recipient to ensure that the aid has been applied in accordance with the approved application. The Grant Policy should be amended accordingly.***

## Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition. We have:

- Noted that Council have reviewed the Corporate Risk Management Policy and financial risk assessment policy for 2023-24; and
- Examined the current year's insurance policy schedule (to March 2024), cover continuing to be provided by Zurich, noting that both Public and Employer's Liability remain unchanged at £15 million and £10 million respectively, that Fidelity Guarantee cover remains at £5 million.

### *Conclusions*

*No issues requiring formal recommendation have arisen in this area currently. We will undertake further work at our final review.*

## Precept Determination and Budgetary Control

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount of the precept placed on the Unitary Authority, that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We note that, on 9th January 2024, a precept of £1,936,996 be raised for 2024-25 which was approved by Full Council and noted in the draft minutes.

We are pleased to note that members continue to receive regular budget monitoring reports with over/under-spends and the level of earmarked reserves the subject of regular review.

*No issues requiring formal recommendation have arisen in this area.*

## Review of Income

In this area of our review work, we aim to ensure that income due to the Council is identified, invoiced (where applicable) and recovered at the appropriate rate and within a reasonable time scale: also ensuring that it is banked promptly in accordance with the Council's Financial Regulations. Consequently:

- We note that the schedules of Council's fees and charges continue to be reviewed and adopted annually, those for the Cemetery, fishing permits, weekly markets, etc for 2023-24 and 2024-25 having been formally considered by the relevant committee and Full Council;

- At the first interim audit we completed a review of the nominal ledgers for the Market and the management processes for the operation of the various markets. We noted, however, that there were no booking forms held for some of the established Monday Market traders. We have been advised that the management processes for the Markets was under review. We have at this update review completed a sample check of the income from the Market nominal ledgers and control records;
- We have at this update audit undertaken a review of the Cemetery register and income generated from the sample we reviewed we are satisfied that the management and controls are operated in a satisfactory manner;
- As noted elsewhere in this report, we have tested a sample of cashbook receipts from Omega records to relevant bank statements; and
- Examined the “Aged debtors schedule” generated by the accounting software and are pleased to record that there are no significant long-standing debts exist of which officers and members are unaware

### ***Conclusions***

***We are satisfied that in most of the areas reviewed they are managed in a satisfactory manner. We will ensure that income is correctly reported in the Annual Governance & Accountability Return.***

## **Petty Cash Account and Fuel Card**

Our aim in this area is to ensure that appropriate controls are in place; that all expenditure incurred is adequately supported by trade invoices or till receipts; that the expenditure is appropriate for the Council’s requirements; that VAT has been separately identified for periodic recovery and that cheque encashments from the main cashbooks are properly recorded.

The petty cash relates to the till held at the museum. We have not physically checked the cash but have reviewed the holding from the information that we have been provided and are satisfied that the checking process is satisfactory.

We have also checked a sample of the fuel card payments from the nominal ledger and the statements and consider the procedures to be satisfactory.

### ***Conclusions***

***There are no matters requiring formal comment or recommendation in this area of our review process.***

## **Salaries and Wages**

In examining the Council’s payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the

requirements of the local government pension scheme, as recently amended with effect from 1<sup>st</sup> April 2023 as regards employee contribution bandings. To meet that objective, we have:

- Ensured that the Council reviews and approves pay scales for staff annually and has duly implemented the NJC award for the current year;
  - Noted previously that a payroll bureau provider (DCK Accounting Solutions) was engaged to provide the service and this remains for 2023-24;
  - Agreed the amounts paid to employees by reference to the approved pay scales on the council's establishment list, examining a sample of all those salary payments made in October 2023;
  - Ensured that Tax and National Insurance deductions for all employees have been made applying the appropriate PAYE code and NIC Table; and
  - Checked that the correct superannuation percentage deductions are being applied where applicable.

### *Conclusions*

*No issues requiring formal recommendation have arisen in this area.*

## **Investments and Loans**

Our objectives here are to ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment institutions, that an appropriate investment policy is in place and that the Council is obtaining the best rate of return on any such investments made and that interest earned is brought to account correctly and appropriately in the accounting records.

- We have, checked the detail of the interest bearing CCLA account to the third party advice note.
- We also note that the Council noted an Investment Strategy in January 2024.

### *Conclusions*

*No issues have currently arisen in this area to warrant any formal recommendations. We will undertake further work at our update review.*

Rec No.	Recommendation	Response
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**Review of Expenditure**

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R1 With regards to grant aid, the review process of the expenditure for the funds should include copy receipts and a report from the recipient to ensure that the aid has been applied in accordance with the approved application. The Grant Policy should be amended accordingly.

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