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Emma Bennett  
Clerk to Cinderford Town Council  
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GL14 2ABF

2 January 2024

Dear Emma

## **CINDERFORD TOWN COUNCIL**

### **Interim 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 on 12 September 2023.

My first interim internal audit visit for 2023-24 was on 15 December 2023.

## **Background**

The Clerk was appointed in September 2021.

Cinderford Town Council has income and expenditure of between £750,000 and £900,000 and is subject to review by the external auditor, PKF Littlejohn. The external auditor's report for 2022-23 was qualified in relation to the Fixed asset figure in Box 9 for 2022.

The Council has recently learned that it is the sole managing trustee of The Steam Mills Recreation Ground Charity. The trustees have been incorrectly recorded with the Charity Commission.

It is good practice for the Council to comply with the Local Government Transparency Code 2015 as it has income and expenditure greater than £200,000.

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

## **Internal audit checks**

As this was my first internal audit review for Cinderford Town Council some time was spent gathering background information from the clerk, understanding and recording the Council's policies, systems and controls. At the visit a review was undertaken of the various financial records, documents, minutes and policies to ascertain the efficiency and effectiveness of the Parish Council's internal control framework.

This internal audit report is based on the audit testing carried out at the visit.

During this initial visit I checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash
- Income
- Expenditure
- VAT claims
- Payroll
- Risk assessment
- Insurance
- Budgets and reserves
- Transparency
- Public Rights

## **Findings**

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

### **Good practice noted at this review**

- The Clerk is CiLCA qualified
- The Council maintains its books and records on RBS software
- All records were up to date and easy to follow

## Good practice - continued

- 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 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
- 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 has been recently reviewed and updated.
- The Council complies with the Local Government Transparency Code (2015)

## Recommendations

### *Policies and procedures*

- The Local Government Act 1972 s245 2(b) states that the Chairman of a Town Council is entitled to use the style "town mayor". The current Mayor of Cindford Town Council is not the Chairman. My understanding is that this is contrary to law. The Council should seek legal advice on this subject, and if so advised, ensure that the Mayor is the duly elected Chairman of the Council.
- 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 recent amendments to the Public Contracts Regulations 2015.

SI 2021 No 1221 - The Public Procurement (Agreement of Government Procurement) (Thresholds) (Amendment) Regulations 2021 came into force on 1 January 2022 and increases the threshold in sub paragraph a) for public works contracts from £4,733,252 to £5,336,937), and the threshold in sub-paragraph c) for goods and services from £189,330 to £213,477.

SI 2022 No 1390 - Amendments to the Public Contract Regulations 2015 came into force on 21 December 2022 and increases the threshold 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.

- The Council must draw up and adopt an its investment strategy as from 1 April 2018 this is a statutory requirement under s15 (1) (a) para 14 of the Local Government Act 2003 for local authorities with investments totalling over £100,000

#### ***Bank and cash***

- Bank reconciliations are carried out monthly and are taken to Council meetings to be checked. Small errors in the cashbook that are showing as unrepresented payments or unrepresented receipts are not being corrected before the bank reconciliations are signed off as being properly carried out. Errors in the cashbook that are highlighted as a result of the bank reconciliation exercise should be corrected before the bank reconciliation is signed off as being correct.

#### ***Risk assessment and insurance***

- The current insurance policy includes a fidelity guarantee which covers internal crime. The level of cover is £600,000. This may not be sufficient. If necessary cover should be increased to cover the maximum anticipated balance during the year.

#### ***Transparency***

- The Accounts and Audit Regulations 2015 s13 (2)(b) require audited Annual Governance and Accountability Returns (AGARs) for the past five years to be available for public access. It is generally accepted that this means that the AGARs should be on the Council's website. The Council's website has three years of AGARs, 2002-21, 2021-22 and 2022-23. AGARS for 2019-20 and 2018-19 should be added to the website.

#### **Other matters to bring to the Council's attention**

- The Clerk has recently become aware that the Council is a sole managing Trustee of The Steam Mills Recreation Ground Charity. The details of the trustees have been incorrectly recorded with the Charity Commission and the Council has incorrectly stated on past years' Annual Governance and Accountability Returns (AGARs) that it is not a sole managing trustee. Action is currently underway to correct the information with the Charity Commission and the external auditor will be informed when the 2023-24 AGAR is submitted.
- There was one contract of employment that could not be located during my visit.

#### **Conclusion**

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

## Next review

The next internal audit review has been arranged for 22 March 2024.

At this next interim review detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Petty cash
- Income - detailed tests
- Expenditure - detailed tests
- Tendering process
- VAT claims
- Payroll - detailed tests
- Asset register
- Sole managing trustee
- Action taken on the recommendations in this report

## 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



Bridget Bowen FCA Internal auditor