**STOURPORT-ON-SEVERN TOWN COUNCIL**

**REPORT ON THE INTERNAL AUDIT FOR THE FINANCIAL YEAR, 2023/24**

**1. PURPOSE OF REPORT**

To thank the Council for appointing me as your independent Internal Auditor again and to report details and conclusions relating to my Internal Audit carried out for the Financial Year 2023/24. Also to enable Councillors to carry out a review of the Council’s Internal Audit arrangements.

**2. INTRODUCTION**

Council is required by the Accounts and Audit Regulations, 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"    The Internal Audit also enables me to complete and sign off the statutory Section 4 of the Annual Governance and Accountability Return (AGAR).

**3. CONCLUSION OF THE INTERNAL AUDIT**

I am pleased to report that I have completed my Internal Audit for the Financial Year, 2023/24 which was carried out between 15th April, 2024and 15th May, 2024 in accordance with the agreed Audit Plan and Audit Programme. The Audit tests required are listed in the Audit Programme which I have now signed (Appendix attached).

I have also now signed off Section 4 of the Annual Governance and Accountability Return (AGAR) as required by the Accounts and Audit Regulations. ***All entries on the Return have be made on an unqualified basis and I can report that there are no matters of any significance that need to be brought to your attention.***

**4. EFFECTIVENESS OF THE TOWN COUNCIL’S RISK MANAGEMENT, FINANCIAL CONTROL AND GOVERNANCE PROCESSES.**

**a) Risk Management**

A comprehensive Risk Assessment prepared by your officers is updated annually. The latest was updated, presented and approved by the Finance Committee on 29th January, 2024.

**b) Financial Control**

A new Financial Management System was introduced in 2022 by the Treasurer and the significant benefits of the new system are now being achieved. Control over the Council’s finances has been increased and financial reports can be provided much more quickly. This has also enabled the Town Council’s Final Accounts to be prepared and audited (as part of my Internal Audit) within 6 weeks of the financial year end.

Satisfactory budgetary control was carried out by your Treasurer during the financial year as required by the Council’s Financial Regulations. This included his reports to the Finance Committee on the Budget, Budget Monitoring and Final Accounts. The level of detailed analysis of services for budgeting is commendable. The Council’s detailed Budget and detailed Final Accounts provide a meaningful and informative analysis of income and expenditure which should significantly assist with financial decision taking.

**STOURPORT-ON-SEVERN TOWN COUNCIL**

**REPORT ON THE INTERNAL AUDIT FOR THE FINANCIAL YEAR, 2023/24 (Cont.)**

**4. EFFECTIVENESS OF THE TOWN COUNCIL’S RISK MANAGEMENT, FINANCIAL CONTROL AND GOVERNANCE PROCESSES. (Continued)**

**b) Financial Control (Continued)**

This detail enables the Treasurer to report to Members detailed explanations for significant overspendings and savings. These Reports enable members to examine, question and finally approve significant variances as appropriate. The level of detail significantly exceeds compliance with the requirements of Governance and Accountability for Smaller Authorities in England.

I have found your Final Accounts to be as accurate and informative as usual.

**c) Governance**

The Internal Audit has established that your officers have observed the Council’s approved Financial Regulations during the year.

**d) Minor Items**

When completing the audit, it did reveal a number of less significant, minor items which have been discussed with both to your Town Clerk and Treasurer for their consideration and action. *Information on this can be provided to Members on request.*

**6. REVIEW OF INTERNAL AUDIT ARRANGEMENTS**

Council’s are recommended to carry out a review of the effectiveness of their Internal Audit arrangements at least annually.

In carrying out its review the Town Council will need to decide if this Internal Audit has maintained the standards expected and if it has given assurance that an adequate and effective Internal Audit of the Town Council’s risk management, financial control and governance processes has been carried out.

**7. CONCLUSION**

I would like to thank your staff for their time, help, information and assistance freely given during this audit.

Council should be aware that the audit tests carried out during the audit cannot be relied on to identify the occasional omission or insignificant error, nor to disclose breaches of trust or statute, neglect or fraud which may have taken place and which is the responsibility of Members of the Council to guard against through their internal control procedures.

**8. RECOMMENDATIONS**

1. **It is recommended that the contents of this Internal Audit Report are noted.**
2. **That a review of the effectiveness of the Internal Audit for 2023/24 be carried out.**

 This Report has been provided by your Internal Auditor, RICHARD MOUNTFORD, IPFA.

 **STOURPORT-ON-SEVERN TOWN COUNCIL Appendix**

**AUDIT PLAN 2023/4**

**1.. SCOPE OF INTERNAL AUDIT**

The scope of Internal Audit will span the whole range of the Council’s activities and includes the review of those controls designed to ensure:

* The Council’s policies are put into practice
* The Council’s values are met
* Financial laws and regulations are complied with
* Processes are adhered to
* Financial information is accurate and reliable
* Human, financial and other resources are managed efficiently and effectively

 **2.. UNPLANNED WORK FOR INTERNAL AUDIT**

If necessary, work will include areas where significant weaknesses are identified. No contingency for unplanned work has been included in the plan and each issue will be dealt with as it arises. Examples of unplanned work are:

* Investigations
* Requests from the Council’s Finance Committee
* Additional work required on planned activities

 **3.. REPORTING REQUIREMENTS**

 Reports will be provided to Council summarising:

* Work carried out
* Significant findings
* Agreed actions
* Recommendations
* Performance against the Audit Plan

The Audit Plan will be kept under continuous review within the context of achieving overall

objectives. Should significant amendments be necessary these will be discussed and reported on at the earliest opportunity.

**STOURPORT-ON-SEVERN TOWN COUNCIL Appendix (Cont.)**

**AUDIT PROGRAMME 2023/4**

***I certify that I have carried out the tests detailed below in accordance with the suggested approach contained in the 2023 edition of ‘Governance and Accountability in Local Councils in England and Wales – A Practitioners Guide’.***

*Signed:* ***R. J. Mountford IPFA*** *Date:* ***15th May, 2024***

 **INTERNAL CONTROL TESTING REQUIRED**

**1. Proper bookkeeping** Is the cashbook maintained and up-to-date?

Is the cashbook arithmetically correct?

Is the cashbook regularly balanced?

**2. Standing Orders &** Has the Council formerly adopted Standing

 **Financial Regulations** Orders & Financial Regulations?

Has a Responsible Officer been appointed to carry

out financial administration?

**3. Payment Controls** Has expenditure on services above the de minimis

amount been competitively purchased?

Are payment in the cashbook supported by

Invoices, authorised and the monthly summary total minuted?

Has VAT on payments been correctly identified,

recorded and reclaimed?

Is Section 137 expenditure separately

recorded and within statutory limits?

**4. Risk Management**  Does a review of the minutes identify any

 **Arrangements**  unusual financial activity?

Do the minutes record the Council carrying out an

annual risk assessment?

Is insurance cover appropriate and adequate?

Are internal financial controls adequate

 and regularly reviewed?

**STOURPORT-ON-SEVERN TOWN COUNCIL Appendix (Cont)**

**AUDIT PROGRAMME 2023/4**

**INTERNAL CONTROL TESTING REQUIRED**

**4. Risk Management** Has the Council carried out a financial risk

  **Arrangements** (continued) assessment?

**5. Budgetary Control** Has the Council prepared an annual budget in

support of its precept?

Is actual expenditure against the budget

regularly reported to the Council?

Are there any significant unexplained

variances from budget?

Is the budget matched to year end outturn to

enable consistent comparison of financial

performance?

Are year end variances explained ?

**6. Income Controls** Is income properly recorded and properly

banked?

Does the precept recorded agree to the

Council Tax authorities’ notification?

Are security controls over cash adequate

and effective?

**7. Petty Cash Procedures** Are all petty cash payments recorded by a

signed voucher and any VAT recorded?

Is petty cash summarised and expenditure

recorded in the cash book?

Is petty cash reimbursed in accordance with

the Imprest System?

**8. Payroll Controls** Do all employees have contracts of

employment with clear terms and conditions?

Do salaries paid agree with those approved

by the Council?

**STOURPORT-ON-SEVERN TOWN COUNCIL Appendix (Cont)**

**AUDIT PROGRAMME 2023/4**

 **INTERNAL CONTROL TESTING REQUIRED**

**8. Payroll Controls** (Continued) Are other payments to employees authorised,

reasonable and agreed by the Council?

Have PAYE and NIC been properly operated

by the Council as an employer?

**9. Asset Controls**  Does the Council maintain a register of all

material assets owned or in its care?

Are the asset and investment registers up-to-date?

Are investments monitored and reviewed regularly?

Do asset insurance valuations agree with

those in the asset register?

**10. Bank Reconciliation** Is there a bank reconciliation for each account?

Is a bank reconciliation carried out

regularly and in a timely fashion?

Are there any unexplained balancing entries

in any reconciliation?

**11. Year End Procedures** Has a year end reconciliation been carried?

 Are year end accounts prepared on an

income and expenditure basis?

Do accounts agree with the cash book?

Is there an audit trail for underlying financial

records to the accounts?

Where appropriate have debtors and creditors

been properly recorded?

**12. Audit Recommendations**  Has the Council acted on the recommendations

and comments of the Internal and External Auditors?