

## Bewdley Town Council

### Internal Auditors assessment for the completion of the AGAR Part 3 – Financial Year 2023-24 - DRAFT

#### 1. Introduction

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Internal Audit Report (AIAR) 2023-24 which forms part of the Annual Governance and Accountability Return (AGAR).

My internal audit considers the evidence available to assess if the Council has effective systems and control arrangements in place for the areas examined. In examining these arrangements focus has been placed on sample testing compliance with a number of the Council's key governance 'rules', its management of risk, and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

The internal audit is undertaken during the financial year in order to review and test the systems and controls operating during that year. The internal audit report details the findings at the time of the internal audit review. For the year-end financial statements, a cursory inspection is carried out to verify there are no significant financial management or control matters that may impact on the AIAR assessments made at the time of the internal audit review. The internal audit should inform, it is not designed to offer assurance over the completion of the AGAR sections 1 & 2, responsibility for the accuracy of these submissions' rests with the Council.

The internal audit is not designed to identify all weaknesses in the Town Council's systems but, it is a sample examination of systems and of testing those systems and controls. Where weaknesses are identified during the internal audit process, which impact on governance and internal control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or frauds, errors, or instances of non-compliance, as may exist.

As the Council's appointed internal auditor, I confirm that I am independent of the Council.

***Note – evidence that the key year-end financial statements have been prepared for Member review and approval will be requested in March / April / May 2024, these being the final bank reconciliation for the year, the budget to actual report, and the draft year-end accounts statement. A cursory review of these financial statements may alter the internal audit findings detailed in this draft report.***

## 2. Summary

In the section below I have recorded my AIAR responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is of systems and control during 2023/24 to the time of the audit review.

**During the internal audit review no significant control issues or non-compliances have been identified that prevents a positive response to each of the areas covered by the AIAR. No control recommendations have been made. A further comment is made in the 'recommendations follow-up' section of this report, about strategic planning and associated future year financial forecasting.**

## 3. Internal Audit Assessment

The table below follows the format of the AIAR section of the AGAR, for each section questions have been raised in order to establish the systems and control arrangements. The responses, along with the supporting evidence provided, has allowed review, challenge, examination and assessment.

AGAR (AIRA section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>	<b>Yes</b>
<p>The Council has put in place effective procedures to accurately and promptly record all financial transactions, it has maintained up to date accounting records throughout the year, together with all necessary supporting information. Invoices, payment requests and receipts are recorded on the accounting software (Scribe). Copy invoices, payment requests, or other supporting information for transactions are held electronically.</p> <p>The cashbook is up to date, and is well structured, payments are reported to the Council at each meeting, and ratification and approval is recorded in the minutes. Overall, an effective internal control environment has been maintained.</p>	
<b>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved VAT was appropriately accounted for.</b>	<b>Yes</b>
<p>Financial Regulations are reviewed annually, the Nalc recommended Financial Regulations have been adopted, in doing this the Council has agreed the processes to be applied and controls to be followed.</p> <p>Based on a sample examination of a number of payments selected from the cashbook confirmation has been gained that the payments made are supported by invoices, payment requests or other supporting evidence.</p>	

AGAR (AIRA section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>Based on sample testing, quotes for works and services are obtained, and grants awards are supported and approved.</p> <p>Payments have been properly approved and VAT has been appropriately accounted for.</p> <p>Effective management and control over the Council's bank account is present.</p>	
<p><b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b></p>	Yes
<p>The Council has a risk management policy that includes risk assessment and risk control arrangements. The Council's risk register includes control arrangements and frequency of review where appropriate. The risk log was reviewed in November 2023.</p> <p>A Financial Control process operates to ensure effective monitoring of financial management risk.</p> <p>The insurance policy covers the areas expected for a Town Council and the assets, for which there is an Asset Register, have been insured in line with the assessed values. The Council is aware there is a risk exposure in respect of the insurance arrangements for some assets of significant value, and of the need address this. Actions, including the set aside of funds, to address this risk has been considered by the Council and, until these actions are progressed, the Council has accepted the risk.</p> <p>IT support arrangements have been enhanced and are appropriate to provide effective security and control.</p> <p>Confirmation has been given that an asset inspection schedule operates to ensure repairs and maintenance is undertaken, which is evidenced.</p>	
<p><b>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b></p>	Yes
<p>The budget covers the Councils activities showing sources of receipts and payment provision by type. The precept for 2022-23 has been set in accordance with what Members have determined is the spending requirement (reviewed in 2022-23 audit). The 2023-24 budget setting process had commenced at the time of the audit visit (see note, under recommendation follow-up, below). Budget monitoring reports are presented to the Finance and Facilities Committee, being recorded in the minutes.</p> <p>The Council has a Reserves Policy and has identified both earmarked reserves and its general reserve (working contingency). The policy and the reserve levels were due to be considered in January 2023 as part of the budget setting process.</p>	

AGAR (AIRA section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b>	Yes
<p>The Council receives income primarily from the precept, there are other minor sources and sums from the localism arrangement which will reduce over time. Income is controlled and promptly recorded in the cashbook.</p> <p>Assurances that expected income is received occurs through the budget monitoring process.</p> <p>The Council has recently purchased and entered into an agreement to facilitate cashless payments. Discussion over the planned processes and control arrangements indicate these are secure.</p> <p>The Council do not raise fees that attract VAT; however, the plan to charge an entry fee to events in the future may incur a VAT element that will need to be accounted and progressed in accordance with VAT 'rules'. The Clerk will investigate this further.</p>	
<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>	Not Covered (Not Applicable)
<p>The Council no longer operates a petty cash system. A bank debit card process operates (the process being recently varied) for minor purchases which is effectively controlled.</p>	
<b>G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</b>	Yes
<p>The Council has a Staffing Committee that considers staffing matters and reports to the Council. The salary payable to the Town Clerk and other members of staff has been approved by Members. For a sample test confirmation was gained that payments made are in accordance with agreed terms and relevant employment related deductions are made. Employer liabilities have been paid.</p> <p>Payroll services are outsourced – to the District Council, effective control operates.</p> <p>No allowances are paid direct to Councillors.</p>	
<b>H. Asset and investments registers were complete and accurate and properly maintained.</b>	Yes

AGAR (AIRA section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>The Council has an Asset Register which is periodically reviewed by Members, last review being June 2023. Assets are risk assessed, periodically inspected as part of the risk mitigation arrangements and are properly maintained.</p> <p>The Council considered and noted its insured assets at the June 2023 meeting. There is a significant variance between the value of the Councils assets and the insured values (see comment in section C).</p>	
<b>I. Periodic bank account reconciliations were properly carried out during the year.</b>	<b>Yes</b>
Evidence shows the Council regularly reconciles its bank accounts with its accounting records, this is recorded in the minutes.	
<b>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</b>	<b>Yes</b>
The accounting statements have been prepared on the correct accounting basis (income and expenditure). The accounting process as reviewed is effective and appropriate; the accounting statements agree to the cash book and are supported by an adequate audit trail from underlying records and explanations.	
<b>K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt (If the authority had a limited assurance review of its 2022/23 AGAR tick “not covered”).</b>	<b>Not Covered</b>
The Council did not certify itself as exempt in 2022/23 and therefore had a limited assurance review of its AGAR.	
<b>L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.</b>	<b>Yes</b>
The Clerk has confirmed that the Council is aware of, and publishes, the information required by legislation. The Council has a Publication Scheme which details the information available and how it can be accessed. Transparency principles are followed. At the time of the audit the expected financial information was available on the Councils website.	
<b>M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</b>	<b>Yes</b>

AGAR (AIRA section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
Evidence confirms the Council correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	
<b>N. The authority has complied with the publication requirements for the 2022/23 AGAR (see AGAR Page 1 Guidance Notes).</b>	<b>Yes</b>
The Council complied with the 2022-23 publication requirements.	
<b>O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	<b>Yes</b>
The Council (as a body) has trust / charitable responsibilities; evidence shows the Council meets all of its responsibilities as e trustee.	

### Other Areas

Internal Control areas and Internal Audit comments
<b>Review of the implementation of recommendations from the previous year's Internal and External Audit Reports</b>
<p><b>From last internal audit report</b></p> <p>The following comment was made - The budget setting process for 2023-24 was nearing the draft budget stage at the time of the internal audit. Discussions with the Town Clerk in respect of the timetable and arrangements indicated a structured process whereby due consideration was being given to the likely cost challenges. In last year's internal audit report [2021-22] the following comment was made 'The Council should ensure a longer-term approach to budgeting is developed through a three-year rolling budget plan'. The localism agenda has seen the Council take responsibility for assets (the maintenance and associated service provision) from the District Council and further opportunities may arise. This, and the funding challenges of the coming years, would appear to require a longer-term budget planning arrangement, ensuring each annual budget is informed by future year forecasts, where forecasts reflect the Councils aims, objectives and ambitions.</p> <p>The Recommendation in 2022-23 being;</p> <p>In accordance with the Councils Financial Regulation 3.1 - The Finance and Facilities Committee and the Council (if any) shall review its three-year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of [November] each year including any proposals for revising the forecast.</p> <p><b>Update 2023-24 – The Council maintains records of the movement in costs that will impact on future year budgets; for example, the cost of services contracts over coming years. These future costs are considered as part of annual budget setting. The minutes show the Council is working towards</b></p>

**Internal Control areas and Internal Audit comments**

developing a 3–5-year strategic plan. Discussions with the Clerk about the potential structure of the strategic plan shows the Council is looking to develop aims and objective which will have measurable outputs and outcomes. A key part of the strategic plan will be funding and cost forecasts over the life of the plan, this will form part of the budget setting process, the forecasts being revised to ensure they remain as accurate as possible. When developing the strategic plan, the Council should consider the risk associated with future aims and objectives. Equally, the Council may consider being an enabler, or to work with, or for, others as part of its service delivery model. The strategic planning exercise should be mindful of both Financial Regulations and JPAG ‘proper practice’ guidance, examples being;

- The Finance and Facilities Committee and the Council (if any) shall review its three-year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of [November] each year including any proposals for revising the forecast.
- The council shall consider annual budget proposals in relation to the council’s three-year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.
- From the JPAG ‘proper practice’ guide - 5.26. For larger authorities it is prudent to develop a multi-year medium-term financial plan as well as the basic precept budget. This should include consideration of projected reserve levels, particularly of the general reserve.

**To be followed up – 2024-25**

**From last external audit report**

None

**Any other governance or financial control issues arising during the internal audit, or further comment not covered above.**

None

The draft version of this report was discussed and agreed by the Town Clerk.

The internal auditor wishes to acknowledge the support and assistance provided by the Town Clerk during the internal audit review.

*Duncan Edwards*

Internal Audit undertaken on 21 November 2023

Duncan Edwards (2023/24 internal audits)



Policy Document	055
Last Reviewed	April 2019
Review Date	April 2023
Next Review	January 2024
Interim update to amend Cllr Service Record.	April 2024

### MAYORAL SELECTION PROCESS

The Council criteria for selecting the Mayor and Deputy Mayor is as follows:

1. The position of the Mayor and Deputy Mayor of Bewdley Town Council will be taken in order of seniority from all the elected Members of the Council.
2. The normal progression through the Mayoralty will be by the holding of the position of Deputy Mayor and then progressing to the position of Mayor the following year.
3. A Member should recognise the time required in carrying out the duties and responsibilities of the Mayor and be able to allocate that time during their year of office.
4. Should an elected Member be in the position of not being able or wanting to accept the nomination when they reach their position within the seniority list, they will be considered in the following Municipal Year, depending on their wishes.
5. Past Mayors will not be considered again for the position of Mayor or Deputy Mayor until **thirteen years** after the completion of the end of their Mayoral Year; at that time their position on the seniority list will be calculated on the basis of total length of service less **thirteen years**.
6. Those considered for appointment: - must demonstrate a broad base of support amongst Councillors.
7. Where a Member who has not been Mayor before has the same number of eligible years' service as a Member who has already been Mayor, the Member who has not been Mayor shall be given priority in the selection process.
8. In the case where two or more Members have the same length of service, then priority between such Members shall be determined by the number of votes received by each Member.
9. The Offices of Mayor and Deputy Mayor must at all times be apolitical.
10. The Offices should not be used for political advantage.

### At the commencement of 2022-2023 Municipal Term

Councillor	Ward	Party	Mayor	Continuous Service (Yrs)	Interrupted?	
Paul Gittins	East	Labour	1999 & 2010	3	Y	previous mayor
Calne Edginton-White	West	Independent	2015/16	8	N	previous mayor
Anna Coleman	East	Independent	2017/18 2020/21	8	N	previous mayor
Roger Coleman	West	Independent	2018/19	11	N	previous mayor
John Byng	Wribbenhall	Conservative	2019/20	5	N	previous mayor
Paul Harrison	Wribbenhall	Conservative	2021/22	5		
Rod Stanczyszyn	East	Labour	2022/23	4		
Dan Moorhead	Wribbenhall	Conservative		3		
Sarah Billett	Wribbenhall	Labour		3		
Heather Lacy	West	Conservative		3		
Emily Seldon	East	Conservative		1		
Ian Latimer	West	Independent		1		
Derek Killingworth	Wribbenhall	Conservative	2009/10 and 2014	0	Y	previous mayor - 14 Years Total Service

### At the end of 2022 - 2023 Municipal Term

Councillor	Ward	Party	Mayor	Continuous Service (Yrs)	Interrupted?	
Paul Gittins	East	Labour	1999 & 2010	4	Y	previous mayor
Calne Edginton-White	West	Independent	2015/16	9	N	previous mayor
Anna Coleman	East	Independent	2017/18 2020/21	9	N	previous mayor
Roger Coleman	West	Independent	2018/19	12	N	previous mayor
John Byng	Wribbenhall	Conservative	2019/20	6	N	previous mayor
Paul Harrison	Wribbenhall	Conservative	2021/22	6	N	previous mayor
Rod Stanczyszyn	East	Labour	2022/23	5	N	
Dan Moorhead	Wribbenhall	Conservative		4	N	
Sarah Billett	Wribbenhall	Labour		4	N	
Heather Lacy	West	Conservative		4	N	
Emily Seldon	East	Conservative		2	N	
Ian Latimer	West	Independent		2	N	
Derek Killingworth	Wribbenhall	Conservative		1	Y	previous mayor. 15 Years Total Service.