

INTERNAL AUDIT REPORT TO

Meltham Town Council

May 2023

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The contents of this report are confidential and not for distribution to anyone other than Meltham Town Council and its external auditor. Disclosure to other third parties cannot be made without the prior written consent of Revell Ward Limited.

1. Introduction

1.1 Purpose of this report

This Internal Audit examination took place prior to signing off the certificate contained within the “Local Councils in England Annual Return for the Year Ended 31 March 2023” in order to assess the Council’s continued compliance with financial controls and to test the levels of internal control and the completeness of accounting transactions.

This report has been prepared for the trustees of Meltham Town Council to bring attention to various matters arising from the internal audit of the Council for the year ended 31 March 2023.

1.2 Responsibilities

It is the responsibility of councillors to put in place proper arrangements to ensure the proper conduct of the Council’s financial affairs, and to monitor the adequacy and effectiveness of those arrangements in practice. Councils are required to prepare their accounts in accordance with their statutory responsibilities, and to maintain an adequate system of internal audit of their accounting records and control systems.

Councils meet their responsibilities by preparing and publishing, and providing the auditor with, the accounts prepared for the financial year, together with such additional information and explanation as is necessary to provide sufficient evidence that they have maintained adequate systems of internal control and internal audit throughout the financial year.

1.3 Limitations

Our internal audit was conducted in accordance with the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006) and practice guidance set out in ‘Governance and Accountability for Local Councils: A Practitioner’s Guide’.

Our audit work was focused toward enabling completion of the annual internal audit report required as part of the Council’s annual return to its external auditors.

We have included in this report only those matters that have come to our attention as a result of our normal internal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all weaknesses that may exist or improvements that could be made.

This report is to be regarded as confidential to the councillors and officers of Meltham Town Council and is intended for use by the Council and its external auditor only. No responsibility is accepted to any other person in respect of the whole or part of its contents. Before this report, or any part of it, is disclosed to a third party our written consent must be obtained.

2. Comments arising from internal audit

2.1 Tendering of contracts

We advise that, although the supplier for the upkeep and maintenance of the park is on a rolling annual contract, formal external quotes should be obtained every 3 years as a benchmark so there is no risk of a lack of independence when reviewing the contract.

2.2 Fixed assets

During the review of the fixed asset register, it has been noted that for one of the assets the gross amount has been included on the register rather than the net, causing it to be overstated by £156. It has also been noted that for a different asset, only part of the net value of the asset has been included on the register, causing it to be understated by £9.15. We recommend the correct asset value is included on the register to ensure the year end reporting is fully accurate.

Furthermore, it was discussed that there was an insurance claim relating to the defibrillator cabinet that was damaged resulting in £804.80 being received by the insurers. This has been accounted for as a credit in capital expenditure, which is not correct. This should be accounted for within other receipts and the original damaged defibrillator cabinet which has been replaced should be removed from the fixed asset register. The new defibrillator cabinet is correctly included on the register.

2.3 Basis of accounting

It has been noted that historically there was no consideration of accruals or prepayments, and transactions were accounted for as they were paid and received. However, in the current year this has now changed with full consideration of income and expenditure accounting being implemented. We recommend this approach is now applied consistently year on year.

The only issue which has arisen from our review of accruals is that there should be an accrual for the internal and external audit fees relating to the March 2023 year end.

2.4 Payment authorisation

For three out of ten purchases samples selected, supporting evidence of trustee payment approval relating to the purchase could not be provided. Whilst we appreciate this is likely due to the change in personnel of finance clerk at the year end, we recommend evidence of payment approval is easily and readily available for the internal audit review.

3. Conclusion on the internal audit

The internal audit progressed smoothly and no limitations in the scope of our work arose. We will therefore be in a position to complete the internal audit report contained in the Council's annual return, subject to the councillors approving the annual return as presented to us.

We would like to take this opportunity to thank Tara Ball for assisting us both during and since the internal audit.