

Town & Parish Council Audit Services
47 St Pauls Crescent, Coleshill, Birmingham B46 1BB
Tel 07503 002948

INTERNAL AUDIT REPORT

ALCESTER TOWN COUNCIL

FINANCIAL YEAR 2024/25

1. Background and general summary

Town & Parish Council Audit Services has been appointed by Alcester Town Council to provide an independent internal audit for the financial year ending 31st March 2025. The Audit is provided on the basis of information provided by the Clerk to the Council, along with a review of the supporting records, together with audit of information available on the Council website.

1. Alcester Town Council is made up of sixteen Councillors representing wards within the parish with the quorum for meetings being 6
2. The Council currently has 3 vacancies with minutes of meetings clearly demonstrating and documenting due process being followed to fill vacancies in accordance with statute.
3. The Council also has two Committees ; Planning Committee and also Finance and General Purposes Committee. Role and responsibility along with any delegated powers for each Committee are evidenced.
4. The Council has a number of Working Groups who operate within an agreed remit on behalf of the Town Council eg Community Engagement Working Group, Squash Courts Working Group
5. The Council has Councillors who are representatives within the community on various bodies and organisations eg The Greig Hall, Moorfields, Food Festival, Two Shires Greenway, Newport Schools Foundation
6. The Council has agreed Lead Councillors eg Youth Engagement, Cemetery, Business and Tourism, Climate Change, Play areas, Allotments, Footpaths
7. Full Council Meetings are held monthly (except August) with meeting dates, along with Committee meeting dates, published on Parish Council noticeboard and the website.
8. The Clerk is CiLCA qualified and there is an allocated training budget of £1600 and evidence of relevant staff training to enable the Council to deliver services. Councillors also attend training to enable them to fulfill their duties in public office. There is a training policy for both Councillors and staff.
9. The Council is a member of the Association for Local Councils, Society of Local Council Clerks and also National Association of Local Councils
10. 13th edition of Local Council Administration is utilised by the Council
11. The Council has a grant scheme (details available on website) and a relevant Grant Awarding Policy as agreed by the Council and had been reviewed during the audit period.

2. Actions/recommendations following 2023-24 Audit

1. Following the recommendation from the Internal Audit for 2023-24 for a written procedure and policy for the handling and paying in of cash into the Town Council accounts, this was written and adopted by the Town Council in March 2025.
2. The Clerk utilises a .gov email address. It was noted in the 2023-24 Internal Audit the recommendations for .gov email addresses and for personal emails not to be used by Councillors, which the minutes within the audit period make reference to. All Councillors currently have gmail email addresses which are solely used for Parish Council business. The Clerk is currently looking at transferring Councillors emails to a .gov mail address as a future action.
3. External Auditors highlighted to Council the low reserve figure in 2023-24 with a recommendation for at least three months of expenditure to be held s general reserves. The Clerk presented a report to Council giving historic explanation for the lower reserve figure, which related to delayed receipt of s106 funds for Greig Hall which had subsequently been received after the 23/24 year end. Throughout the Council has reviewed and minuted monitoring of the Reserve figure and ensured that there are adequate accessible reserves in the budget.
4. External Auditors requested an amendment to Box 10 on the AGAR for 2023-24 from £112.857 to £117.430 to reflect that a Direct Debit payment due for payment on 31st March 2024, had not left the bank account until 2nd April 2025 and therefore fell into the next accounting period.

Following the previous audit, I can confirm that the Town Council undertook the following :

1. Electors rights – notice for the period for the exercise for the public rights were published and included the first 10 working days in July in accordance with requirements
2. Internal and External Audit reports were received by the Council, minuted and duly displayed on noticeboard and website. AGAR as approved by the Council was published on the website.
3. The Council reviewed the effectiveness of the Internal Audit at their meeting in June 2024.

RECOMMENDATIONS

No further recommendations on any of the above points.

3. Working documents, Policies and procedures

OBJECTIVE : To ensure that the Council has both statutory and recommended documents, Policies and procedures in place to enable the Council to meet its statutory duties

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to evidence correct procedures
- Evidence was sought within the minutes to show adoption of required Policies
- Evidence was sought from the website to review Policies adopted

AUDIT SUMMARY

1. The Council reviewed and adopted their Standing Orders and Financial Regulations (June 2024) in accordance with NALC model policies and to reflect changes required for the efficient and legal running of the Town Council. The financial Scheme of Delegation was also updated and adopted in July 2024.
2. The Council regularly reviews and updates a range of Policies throughout the year ; during the year audited these included the Maternity Leave and Pay Policy (May 2025 meeting), Community Grants Policy and Application Form (February 2025), Flexible Working Policy (January 2025), Sexual & General Harassment Policy (January 2025) and Co-option Policy (December 2024), CIL Allocation Policy (July 2024), ATC Community Engagement Action Plan (November 2024), Equality and Diversity Policy (June 2024) and Health & Safety Policy (June 2024). Cemetery Regulations were also updated February 2025.
3. As an employer administering the Local Government Pension Scheme the Council had adopted the relevant statutory Policies ie Discretions Policy and policies within, and submitted them to the Pension Scheme administrators.
4. The website provides access to Council documents which includes Financial Regulations, Standing Orders, Code of Conduct, Complaints Policy, Expenses Policy, Grants Policy, Investment, Finance and Administrative Risk Assessment, Health and Safety, Reserves and Website Accessibility amongst other documents and policies relevant to the efficient management of Council business.
5. From April 2025 all Councils must have an IT Policy detailing how Clerks, Councillors and other staff should conduct authority business in a secure and legal way when using IT equipment and software. This will relate to the use of authority owned and personal equipment. Although this will be reviewed in the 25-26 audit, I highlight to enable the Council to action if not already done so.
6. The Council adopted and signed the NALC Civility and Respect (April 2025).
7. In accordance with statutory requirements a summons is included in the Agenda to each Councillor, which is signed by the Clerk and displayed a minimum of three clear days in advance of the meeting according to statutory requirements. Agendas and Minutes for all meetings provided to Councillors, displayed on the noticeboard and available on the Council website.
8. Agendas provide opportunity for Councillors to declare any interests on Agenda items with Members interests forms duly completed by each Councillor, which is published on the Council

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website along with links to their completed forms. Members interests are also included on the District Council website.

9. A copy of the Council Agendas and minutes was available for inspection in a minute book. Minutes are signed and dated by the Chair and this is recorded within the minutes. I would recommend that minute numbers are done sequentially from month to month and that a minute book be perfect bound, to prevent potential for fraud with removal/replacement of pages. Agendas and Minutes are available on the website in PDF format providing an accessible means to view, download and print.
10. Apologies for absence are recorded within the minutes and whether they are accepted or not accepted. Minutes should clearly record apologies along with the reason going forwards to avoid the operation of the six month rule (see Charles Arnold Baker page 47).
11. The Chair and Vice Chair sign and complete their Declaration of Acceptance of Office which is duly recorded and Councillors have each signed a Declaration of Acceptance of Office.
12. A list of Councillors and their responsibilities, roles and Committee membership is published and available on the Council website where applicable.
13. The Council have signed up to the Civility and Respect pledge.
14. The Council has developed a Strategic Plan (June 2023) which is delivered through an Annual Action Plan, with the Action Plan for 2024-25 being approved by the Council in June 2024 and reviewed in November 2024
15. Council had adopted the General Power of Competence (23rd May 2023) which has followed correct procedures and duly minuted, with the Council using statutory powers accordingly.
16. The Council meets its statutory requirements in accordance with GDPR and has implemented GDPR policies is Privacy Policy, Data Subject Access Request Policy. The Council is registered with the Information Commissioner. The Council has implemented a Freedom of Information Policy based on the ICO Publication Scheme.
17. The Council has a website which conforms to the current Accessibility regulations, with documents published in an accessible format. Council has a Website Accessibility Statement and Privacy Notice. Five years of financial information along with audit information is included on the Council website.
18. The Council has a Publication Scheme which is adopted, reviewed and published detailing all categories of information available, the format through which it can be obtained and associated costs.
19. The Council complies with the Transparency Act
20. Of significance is the granting of the Local Council Quality Gold Award to Alcester Town Council during the audit year, a prestigious award which reflects the hard work of the Clerk, staff and Councillors and demonstrates their aspirations to achieve excellence and high standards in community governance, leadership and performance management.

RECOMMENDATIONS

It is a recommendation for minutes to also record all reasons for Councillor apologies going forwards, to avoid the operation of the six month rule for disqualification (see Charles Arnold Baker page 47)

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It is a recommendation for minute numbers to be recorded sequentially throughout the year.

I would recommend that minute numbers are done sequentially and that a minute book be perfect bound, to prevent potential for fraud with removal/replacement of pages.

Ensure that the Council has an IT Policy in place which applies to staff and Councillors to comply with legal requirements from April 2025, and relevant to Council and personal equipment (new Assertion 10 in Audit requirement).

4. Budgetary Controls and Financial decisions

OBJECTIVE : To ensure that a budget has been accurately prepared by the Council and adopted in the process of setting the Precept

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to ensure reference to the budgets prepared
- Evidence was sought within the minutes to show benchmarking of budgets against actual income and expenditure
- Current income and expenditure has been discussed by the Council in relation to the following years budget and preparation of year end profit and loss account

AUDIT SUMMARY

1. The Council meets monthly throughout the year (except August) and monitors progress by receiving reports from the Finance and General Purposes Committee and the Town Clerk. Management accounts are reported to the Council quarterly, with the F & GP Committee receiving monthly accounts and bank reconciliations.
2. A Councillor who is not a signatory is appointed each year to check the quarterly bank reconciliation statement against original bank statements. The Committee also carries out regular reviews of the Council's internal controls, systems and procedures, and addresses any issues that arise.
3. All accounts for payment are reported to the Council for approval. The two Councillor signature (digital authorisation) rule is applied with two members of the Council who are bank signatories and the Clerk authorise payments ie cheques, BACS transfers with authorisations being done over email. Payments made by direct debits are done so with an authorised list of direct debits through the Finance & General Purposes Committee, which are reflected in paperwork through bank statements and Invoices, and approved by full Council.
4. An electronic payment procedure covers budget control and administration for all payments with eight Councillors approved for authorising payments. Bank mandates are reviewed annually.
5. The Council has a debit card with an approved procedure for use, with a limit of £500 per transaction without prior approval. Correct procedure was followed during the audited accounts where a sum of expenditure over £500 was required and this was duly authorised by the Finance & General Purposes Committee. The debit card is stored securely in the safe in the office and only the Clerk is authorized to use.
6. The Council prepares and approves a budget in a timely manner before setting its Precept prior to the commencement of the financial year. Income and expenditure is reconciled at the point in time with projected forecasts to the end of the financial year. Current and forward budget is broken down into areas of income and expenditure in appropriate headings. Income clearly identifies Precept income and other income eg cemetery. Budget expenditure clearly identifies Salaries, NI, Pension, expenses and relevant expenditure relating to the different areas of Council business eg newsletter, grass cutting, utilities, CCTV, training, legal etc. When setting the budget, Dispensation requests are not submitted by individual Councillors and the Council has adopted the DCLG publication 'Openness and transparency on personal interests'. The audit concludes that arrangements are in place to enable the preparation of an accurate and timely statement of

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accounts in compliance with its statutory obligations and proper practices. At their meeting on 7th January the Council set their budget at £455,245 with Precept at £410,120

7. Receipt of Precept is evidenced in bank statements and also reported at the Finance and General Purpose Committee meetings.
8. Tenders and quotations for services are managed in accordance with adopted Financial Regulations and tendering procedures are demonstrated as being implemented thoroughly and documented in the minutes. Contracts for approved works following tendering process are issued as required, which thoroughly address risk factors such as contractors responsibilities, insolvency, health and safety, statutory requirements, risk assessments, insurance, failure in provision of the works, termination and dispute resolution. Contracts are signed prior to work commencing.
9. In accordance with JPAG recommendations the Council adopted a Reserves Policy covering both General Reserves and Earmarked Reserves and the process for managing and using reserves throughout the year and also as part of the annual budget and Precept setting process.
10. The Town Council has responsibility for Allotments and has appropriate tenancy agreements in place which are renewed in January of each year and referenced in Council minutes. There is a register of allotments and associated payments from tenants, which is reflected and accounted for in the Council budget documentation.
11. The Town Council has responsibility for Burials and has an up to date burial register. Burial fees are approved by the Town Council and advertised on the Council website with a process in place to ensure that fees are paid two days before a burial. The Council is a member of the ICCM.
12. The Town Council has responsibility for Hall hire and uses Hallmaster software booking system with income received recorded appropriately.
13. The Council does not operate a Petty Cash system.
14. No Councillor allowances are paid and this should be advertised to the public accordingly as zero and documented in the minutes as having been advertised.

RECOMMENDATIONS

When setting the Precept and budget to ensure that the minutes document receipt of Dispensation requests from Councillors and approval/refusal.

Ensure annual advertisement of Councillor allowances (even for zero) is documented in the minutes.

5. Risk Assessment

OBJECTIVE : To ensure risks are identified and managed effectively

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Review of Council Risk Assessment and areas covered
- Audit of payments linked to Council minutes
- Testing of income and expenditure processes
- VAT recovery procedures

AUDIT SUMMARY

1. The Council has the appropriate insurance cover in place which is reviewed annually – this was reviewed 12th June 2024. Due to a pending claim it was not possible to source other quotations and the current insurance company offered an annual cover, with the option of considering a three year cover at the next renewal date. This is referenced and documented in the minutes. Insurance cover includes £500,000 Fidelity Guarantee and £10million public liability insurance cover.
2. The Council has a Statement of Internal Control as part of its risk management and inspections of property and equipment by staff or Councillors are undertaken. A schedule of assets is maintained by the Council. The statement of Internal Control includes arrangements for Internal Audit and External Audit. There is an annual review of the effectiveness of Internal Controls with matters of concern being reported to the Finance and General Purposes Committee in the first instance and then full Council. This provides a robust system of risk assessment and managing risk.
3. Electronic data is backed up using both an external hard drive which is stored away from the minutes. Minutes are stored in a locked cupboard in the office and in line with Retention of Documents policy older minutes are archived at Warwickshire Museum.
4. Risk Assessment and Management document reviewed (March 2024) which clearly identifies risk by category, risk description, probability and consequence along with risk level eg high, medium or low. It also identifies actions to be taken following annual review of document. This is prepared by F & GP Committee and adopted at Full Council and provides robust risk management system.

RECOMMENDATIONS

None

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Assets

OBJECTIVE : To ensure a complete and accurate register is kept detailing all the assets owned by the Parish Council

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Confirmation of Council Asset Register
- Ensure assets have adequate description to enable them to be identified
- Ensure assets have cost value and there is process in place for inspecting and re-evaluating costs

AUDIT SUMMARY

1. The Council holds an up to date Asset Register and this is reviewed annually, with items purchased added and valued and a process in place for removing items off the Asset Register.
2. The Asset Register clearly identifies the asset and value for insurance purposes and transparency. I would recommend that the Register breaks down the individual items of play equipment and values each separately and that the location of all assets is also recorded
3. The Asset Register is published on the Council website as a public document
4. Land and buildings are included in the assets and published
5. Parish Assets have been inspected for risk and minuted – staff undertake a physical inspection of all assets (F & GP Committee 2nd April 2024)
6. Risk assessment and management covers items on Asset Register
7. A process is in place for re-evaluating costs and links with Council insurance cover

RECOMMENDATIONS

I would recommend that the Register breaks down the individual items of play equipment and values each separately and that the location of all assets is also recorded

Payroll and HR

OBJECTIVE : To ensure amounts paid as salary are correct and have been subject to PAYE/NIC deductions which have been calculated in accordance with PAYE regulations. To ensure that all deductions have been paid over to HMRC within time constraints. To ensure that pension deductions have been calculated at the correct rate and paid over to the required body in accordance with Pension Regulations.

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Review of procedures for salary payments
- Review of procedures for implementing tax codes and relevant deductions
- Review of pension deduction procedures and reporting to relevant pension scheme
- Review to ensure that payments are accurately authorised by the Council and recorded in minutes of meetings
- Review of relevant employment practices and procedures to ensure good governance
- Ensure that any contractual changes are recorded

AUDIT SUMMARY

1. The Town Council has nine members of staff in total. All staff have been issued with Contracts of Employment.
2. There is evidence within the minutes of salary payments along with the relevant statutory requirements regarding Tax and NI insurance contributions included within the budget headings, and supporting documentation provided. The Council uses Sage 50 Payroll software for payroll services and has a subscription to support services. Checking of bank statements evidences the payment of salaries to individuals and spot check audit of payroll records provides an audit trail to verify payment of salary against bank statement, and relevant statutory deductions.
3. Evidence within accounts and minutes authorising payments to Pension Fund for staff with an audit trail provided back to bank account statements. There is also evidence in the minutes of authorisations to HMRC for tax and National Insurance payments which provides a checked audit trail back to bank statements and pay slips
4. HR policies and procedures are in place

RECOMMENDATIONS

None

Bank and cash income and expenses

OBJECTIVE : To ensure systems in place for the accurate recording of all income and expenditure is sufficient and free from material error or misstatement. To ensure that all expenditure has been authorised by the Council and minuted accordingly and that all income can be verified to the source

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Bank reconciliation has been checked for arithmetical accuracy. Brought forward balance agreed to previous year reconciliation
- Bank balances have been agreed to bank statements as at 31st March 2024 and receipts and payments totals agreed
- A sample of costs verified against meeting minutes, vouchers, authorized payment, paid in accordance of the instructions, VAT correctly recorded

AUDIT SUMMARY

1. An Internal Financial control checklist is completed at the end of each month which checks items completed in a timely manner which includes filing of minutes, payroll completed, pension payments completed, HMRC paid, bank statements received checked and filed, payments file completed, payments and receipts inputting onto Omega, bank reconciliation completed, monthly accounts prepared, VAT claim and Cllrs to countersign bank reconciliation. Where items have not been completed they are carried forward accordingly ie VAT claimed quarterly not monthly. The checklist also identifies any actions required.
2. Bank reconciliations are presented and approved by the Council in accordance with procedures outlined in Financial Regulations and audit checks completed for arithmetical accuracy with no concerns.
3. Bank account is held with reputable high street bank with all accounts being covered by the Financial Services Compensation Fund to the value of £85,000. Bank statements are made available to all Councillors as well as income and expenditure information to note and approve against budget. No petty cash is held.
4. Records of payments are contained within the minutes of the meetings and approved for payment by the Parish Council, detailing payee, amount and purpose of payment.
5. A debit card is used with appropriate procedure within Financial Regulations and also the Financial and Administrative risk assessment.
6. The Council has a PWLB with a balance of £90,344.96 at the end of the accounting period
7. There is no record within the minutes of the annual advertisement of Cllrs allowances and expenses on the noticeboard (whether these by zero or for a sum of money). See previous recommendation.

RECOMMENDATIONS - None

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TOWN AND PARISH COUNCIL AUDIT SERVICES

47 St Pauls Crescent, Coleshill, Birmingham, B46 1BB

Email : TPCauditservices@outlook.com

Tel 07503 002948

In accordance with my Internal Audit report, controls and procedures have been audited in accordance with the Governance and Accountability for Local Councils Practitioners' Guide.

Recommendations for improvement have been identified within the content of my Internal Audit Report for Council consideration.

I confirm that I do not have any role within the Council and carried out my audit without bias and follow the Public Sector Internal; Audit Standards 2012 to enable the Council to comply with these Standards and Accounting regulations.

I can confirm that there are no areas of concern and no matters to raise. The Council has strong and robust governance procedures and is well guided by qualified and knowledgeable Clerk to the Council.

I would like to commend the Council for achieving the Local Council Quality Gold Award, a prestigious award which reflects the hard work of the Clerk, staff and Councillors and demonstrates their aspirations to achieve excellence and high standards in community governance, leadership and performance management.



Louise Baudet

Town and Parish Council Audit Services

28th May 2025