

INTERNAL AUDIT INTERIM AUDIT – 2023/2024 CHILTON TOWN COUNCIL

1. Background

- 1.1. Following the annual audit report dated 18th May 2023, it was agreed with the Town Clerk to carry out an interim audit after 6 months to give extra assurance on 2 of the main systems of the Council i.e. Accounts Payable, and Income Collection and Banking. A visit to the Town Council was made on 6th November 2023, and thanks go to all staff in help with the audit.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Town Council may obtain an adequate level of assurance for its activities.

3. Scope of the Internal Audit work and the areas examined.

- 3.1 The Scope of Work covers the control tests identified in in the AGAR and the minimum of tests stated by CDALC.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested.
- Creditors (Accounts Payable)
 - Income collection and Banking arrangements
- 3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with him.

4. Findings

4.1. Creditors (Accounts Payable)

- 4.1.1. The Finance and Administration Officer inputs all invoices into the finance system (RBS) after checking that goods have been received with the Town Clerk. Compensating checks are carried out by Members, who agree payment of the invoices (by initials on the invoice) to a monthly income and expenditure report. At full Council all Members have the opportunity to ask questions on all payments.

The Clerk has set up internal controls to maintain separation of duties between the Finance and Administration Officer and the Town Clerk with approval of payments by Councilors at Council meetings who are the bank signatories.

During the previous year the Council moved to payment from cheque to bank transfer payments with internal controls maintained. Some payments are made by Standing Orders each month (eg Rates) and are confirmed to the bank statement.

At the same time the Finance and Administration Officer introduced the system whereby where possible all requests for goods/services had to have an order completed, where the Finance and Administration Officer makes out the order (and contacts the company) which is then authorized by the Town Clerk. The firm is asked to ensure the order number is recorded on the invoice to enable cross checking when the invoice is received.

- 4.1.2. The files of invoices between April 2023 to September 2023 were checked to the RBS financial system reports (Cash book 1 - payments) which include the vat. All were found to be correctly recorded in the accounts and were properly processed, with the vat recorded.
- 4.1.3. Details of the payments for salaries are examined during the payroll audit at the end of the year.

4.2 Income collection and Banking arrangements

- 4.2.1. The Council operates a bank account for receipt of all income, and there is an active Saver account earning interest on monies held.
- 4.2.2. When Income is paid at the Town Council Offices a receipt is issued, Customer can pay by cash, cheque, or card.

All receipts issued are recorded on a spreadsheet in receipt number order showing the amount, payment from, what the income was for and is colour coded to show when banked. The Finance and Administration Officer then records all income into the finance system.

- 4.4.3. The receipts from 3221 to 3306 for 2023/24 were recorded on a spreadsheet, and confirmed to the receipts, bank statements and to the Cash Book 1 report receipts - current account, for Months 1 to 6. All income received by the Council and had been properly recorded, banked with correct charges being made. Receipt book no 75 could not be found, but all receipts had been recorded on the spreadsheet.
- 4.4.4. Income can be paid direct to the bank from invoices raised by the Council. These are identified from the bank statement and had been input into the Finance system.
- 4.4.5. The Cemetery income is recorded in the Caretakers cash book (as well as Rialtus) and records the receipt number. This was checked to the general fees receipt books and the bankings as recorded on the Cash book 1 report - current account, receipts, and all had been promptly banked with all charges correctly made.
- 4.4.6. The Council has 3 allotment sites and over 200 plots. Letters are sent out in February to all plot holders reminding them to pay their rent. All allotments are recorded on the Rialtus database, and a report was produced showing all plot holders who have paid for 2023/24, which shows the amount, plot ref, and the payment date. The income collected spreadsheet and the receipt books were checked to confirm the amounts paid at the Council offices; bank statements confirm those paid direct to bank. Reminder letters are sent out to all those who have not paid, - there were no payments outstanding.
- 4.4.7. Vat is recorded into the finance system when the payment is made and has been properly recorded and reclaimed regularly and paid into the bank account. Vat report was dated 27th April 2023 covered October 2022 to March 2023 and the income was received in the Councils bank account on 10th May 2023. A claim had been submitted on 9th October 2023 covered April to September 2023.
- 4.4.8. Fees and charges are reviewed every year as part of the budget setting process.

5. Conclusions/Recommendations.

- 5.1. On examining the main systems of the Council, the Internal Controls within the Town Council are adequate for the size of the Council.
- 5.2. There are no recommendations from this audit.



**Gordon Fletcher (C.M.I.I.A.),
Internal Auditor for the Town Council
Date: 10th November 2023**