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LIGHTATOUCH

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12 June, 2023

The Town Clerk

Weymouth Town Council

Council Offices

Commercial Road

Weymouth

Dorset

DT4 8NG

Dear Jane

Final Internal Audit Report

Weymouth Town Council – April 2022 – March 2023

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

We confirm that we are independent of the Council.

The internal audit work to be carried out has been planned to enable us to give our opinion on the control objectives set out in the Annual Internal Auditor’s Report on the 2022-23 Annual Governance and Accountability Return (AGAR).

We have complied with the legal requirements and proper practices set out in:

- ‘Governance and Accountability for Local Councils – A Practitioners’ Guide (England)’ 2022
- The Accounts and Audit (England) Regulations 2015 (as amended).

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Background

Weymouth Town Council had income and expenditure in 2021/2022 of between £4,000,000 and £5,000,000 and is subject to review by the External Auditor, PKF Littlejohn.

The completed Annual Accountability and Governance Return 2021/2022 conclusion notice and certificate was returned on 13 September 2022.

The Council had a clean annual report from the external auditor for 2021-22.

The Council is not a sole managing trustee.

It is good practice for the Council to comply with the Local Government Transparency Code 2015.

The Council's accounting records are maintained on Access Software

A first interim visit was arranged with the Deputy Town Clerk on Wednesday 30 November 2022. A meeting was held with both the Town Clerk and Deputy Town Clerk to confirm the arrangements for the Internal Audit for 2022/2023. Further compliance and substantive testing of records was also undertaken on the day.

A final internal audit review was agreed to be carried with the Deputy Town Clerk on Monday 12 June 2023.

Further confirmation has been obtained of good practice and compliance with the Transparency Code Regulation 2015 from the Council's Website.

We are also using the information already recorded from the interim visit to complete the internal control objectives on the (AGAR) Internal Audit Report.

Where this is necessary, we will complete the AGAR Annual Internal Audit Report based on evidence already seen from the previous review. This is acceptable practice for the External Auditor.

We note that the Town Clerk's responsibility to provide clear direction on all legislative and regulatory requirements continues to be provided. We recognise the complexities of running a large Town Council with a budget over £3m to ensure compliance for all areas of Governance and Financial Management and continue to reiterate that all of the advice provided should be supported by all Members of the Town Council.

Internal audit checks

We have undertaken a series of audit tests on the Council's financial records, vouchers, documents, Minutes, policies, procedures, and insurance documentation to ascertain the efficiency and effectiveness of the Town Council's internal control framework. This internal audit report is based on the audit testing carried out at the visit.

June 12, 2023

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During the two visits in the year, we checked and sample tested the following:

- Minutes of Council and Committee Meetings
- Policies and Procedures
- Bank and cash
- Investments
- Petty Cash
- Budgetary Management
- Income and Expenditure
- Contract and Lease Arrangements
- Insurance
- Payroll
- VAT claims
- Financial Risk Assessment
- Transparency of the Council website

Findings

Details of good practice noted, our recommendations and other matters to be brought to the Council's attention are set out below.

Good practice

- The Council maintain its books and records on bespoke software (***Audit Note: Access software has been introduced in 2022/2023 to record the financial management information of the Town Council.***)
- The Council are aware of the requirements of GDPR.
- The Town Clerk is CiLCA qualified.
- The Council is registered with the ICO.
- Details of total payments authorised at meetings are recorded in the Minutes.
- All records were up to date and easy to follow.
- The budgeting process is monitored throughout the year.
- Petty Cash vouchers are confirmed, agreed and approved before reimbursement is made.
- Cash balances were confirmed as accurate.
- The Council complied with Financial Regulations to obtain quotations from suppliers and contractors where appropriate.
- Bank reconciliations are carried out promptly each month and were accurate.
- The Council takes an active scrutiny role.
- VAT claims are made regularly (***Audit Note: A sample test of VAT reimbursement claims was undertaken.***)
- The Insurance is appropriate for the size of the Council. Fidelity Guarantee is set at £5m.
- The Risks of Council have been reviewed and approved for 2022/2023.
- The Assets of the Council have been reviewed and approved for 2022/2023.
- All income records are appropriate and recorded correctly ***Audit Note: A sample test of income received from the Beach Cafe; Deck Chair income was carried out.***
- All expenditure items could be traced and are recorded correctly in the financial ledger. ***Audit Note: A sample test of invoices including the recording of information on Access was undertaken.***
- The requirements of the Transparency Code Regulation 2015 are followed by the Town Council. ***Audit Note: A test check was carried out on website to ensure best practice compliance is maintained.***

Matters of note brought to the Council's attention from the two visits to the Town Council.

- The Town Council revised Financial Regulations at its meeting on 12 October 2022. **(Audit Note: Financial Regulations and Standing Orders should now reflect use of the wording "adopted by Council" rather than agreed or approved. This is now in line with the Practitioners Guide paragraph 1.14).**
- The Budget and Precept for 2023/2024 were considered by Finance and Policy Committee in December 2022 to recommend to the full Town Council in January 2023. **(Audit Note: A short Internal audit report was produced and issued before the Finance and Policy Committee in December 2022 which will highlight issues that need to be considered in light of the financial crisis and energy crisis. It highlighted the need to be prudent in 2023/2024 by ensuring a robust grant application review process so that only those that do not put strain on the budget 2023/2024 are considered for approval).**
- We have noted the bank account balances held by the Council as at 31 March 2023 and discussed with the Deputy Town Clerk the introduction of the Access Software in 2022/2023. We understand that the Finance and Governance Committee will continue to receive a composite bank reconciliation each quarter as per the Financial Regulations and this will be reviewed, signed and dated by the Chairman of that committee. The RFO will also check, sign and date the bank reconciliation each month.
- The Civility and Respect Pledge was agreed by the Finance and Policy Committee in December 2022 **(Audit Note: The Town Council confirmed it agreed to follow the Pledge at the full Town Council meeting on 11 January 2023).**
- Risk Management, Risk Register and Asset Register were approved at the Town Council meeting in February 2023.
- A Staff Structure review has provided for a new post of Town Council Office Manager who started her employment in January 2023 This new post will provide support on the day-to-day operations of the Council including Policies, IT, HR, Health and Safety. It is noted that this has freed up time for the Deputy Town Clerk who is now able to concentrate on strategic and project work.
- With the use of the new Access software more virtual and online way of receiving and processing data has been introduced into the Councils processes. We also understand that this will also provide scope and opportunities to use electronic signatures. The Deputy Town Clerk will explore if products are available for operating with the Access software.
- It is noted that the Deputy Town Clerk has presented an item to the Town Council on the benefits of having Cyber Insurance. The Town Councils Insurance provider Zurich confirms that cyber insurance forms part of the policy schedule held by the Town Council. The Chartered Institute of Internal Auditors continues to raise this as a hot topic.

With the move toward electronic automation, it is our opinion that it is essential to hold cyber insurance to ensure all the data from the Town is held securely and that the levels of access and authorisation are reviewed regularly. This is particularly important when staff leave the employment of the Town Council.

End of Year Procedures 2022/2023

A full check was carried out on the End of Year documentation provided by the Deputy Town Clerk and Responsible Financial Officer to confirm the accuracy of the details to be submitted to the External Auditor. This also included the validation of any variances of totals over 15% between 2021/22 and 2022/2023 shown on Section 2 of the AGAR as required by the External Auditor.

The 2022/2023 AGAR Internal Audit Report requires the Internal Auditor to check the Council has correctly provided the proper opportunity for the Exercise of Public Rights in accordance with the requirements of the Accounts and Audit Regulations during 2022.

This includes the Internal Auditor being shown evidence that the posting of the Notice on the website was done at least one clear day before the 30-working day period begins.

(Audit Note; We are pleased to report that the Town Council have displayed the Notice correctly to comply with the requirements of the Accounts and Audit Regulations 2015).

The Annual Internal Audit Report to be submitted to the External Auditor was completed and signed by Tim Light.

Assurance statement

- In our opinion, which is based on the evidence obtained, we can **give assurance** that the internal control systems to manage the risks identified enable the objectives to be achieved as there is proper practice in the areas tested:

It is considered that there is an **appropriate** framework of control in place to manage the risks identified.

Next Steps

This report should be noted and taken to the next meeting of the Town Council.

The Council should decide what action will be taken on the recommendations we have made.

Tim Light FMAAT
Internal auditor