

Report to Saffron Walden Parish Council

Interim Internal Audit of the Accounts for period ending 31st March 2025

The primary objective of Internal Audit is to independently review, appraise and provide assurance upon the control environment, making sure that controls are mitigating the Council from increased risk exposure, and to achieve this, the internal auditor will adopt a predominantly systems-based approach to audit.

The Accounts for the year ending 31st October 2024 can be summarized as follows:

Income to date:	£ 1,635,665 (rounded)
Expenditure to date:	£ 976,499 (rounded)
Precept figure:	£ 1,369,838 (rounded)

The following Internal Audit work was conducted on the adequacy of systems of internal control in accordance with the scope previously approved by the Council with particular emphasis upon the following:

- Review and assess the soundness, adequacy, effectiveness and reliability of financial and performance management systems
- Review and assess the efficiency and effectiveness of internal control arrangements and working practices and make recommendations to improve these where appropriate
- Review and assess the adequacy of procedures to ensure the Council's assets and interests are adequately protected and risks are identified and effectively managed
- Check for compliance with legislation and the Council's integrity and ethical standards, policies and procedures

Comments and any recommendations arising from the review are made overleaf.

Subject & tests conducted	Comments/Recommendations
<p>1. Proper book-keeping. Examination of</p> <ul style="list-style-type: none"> • Cashbook • Reconciliations of cashbook 	<p>The council continues with its use of the Omega Financial Software accounting package which produces a suite of tools to allow for reporting on an Income and Expenditure basis. The software is cloud based allowing for the software to be accessed via a browser with centrally managed back-ups and upgrades thereby adding an extra layer of encryption and security measures.</p> <p>As has previously been stated, the accounting procedure utilised by the RFO gives a more accurate presentation of the authority's true financial position by ensuring that there is detailed focus on the balance of economic benefits under the council's control, rather than just its bank balance. The financial software used by the Council allows the automation of many of its transactions involving income and expenditure and employee payroll, as well as reports and financial statements.</p> <p>The cashbook is reconciled on a monthly basis, regularly verified against bank statements and contains entries from day to day of all sums of money received and expended by the council along with matters to which the income and expenditure relates. In accordance with good practice, the accounting records also contain a record of income and expenditure in relation to claims made for contribution, grant or subsidies from a government department or other public body. The reconciliations conducted allow for the process of comparing internal records against statements from financial institutions and other external sources to ensure money that exits in an account matches money spent.</p> <p>By focusing on the actual movement of cash within the council, the RFO is able to ensure that there is an efficient system of cash flow management by utilising strategic practices such as timely invoicing, prudent inventory management, and negotiating favourable credit terms with suppliers.</p> <p>Spot checks were made and were found to be correct. Journal entries between cost codes for the year under review were seen and verified with supporting documentation reviewed. The RFO has ensured that the cash book is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.</p>

<p>2. Payment controls. Examination of:</p> <ul style="list-style-type: none"> • Understanding of the process involved for reclaiming VAT • Expenditure controls • Credit Card Expenditure • Internet Banking controls • Procurement controls • General power of competence • Public Works Loans • Tourist Information Centre 	<p>VAT is identified in the cash book and reclaimed on a quarterly basis. The year-end figure of £55,309.51 as verified and evidenced on the Trial Balance at 31st March 2024, was settled in April 2024.</p> <p>The VAT Assessment File for the first and second quarters, as produced by the accounting package operated by the RFO were reviewed and verified as being settled in July and October 2024. Sample tests were undertaken by the Internal Auditor to ensure that the VAT element within payments is being clearly identified and appropriately accounted for within the accounting system. For the period under review, the RFO has ensured that VAT has been appropriately identified in relation and correctly coded according to the council’s business and non-business activities within the financial records of the software used thereby confirming that robust arrangements are in place for managing its responsibilities regarding VAT.</p> <p><i>Comment: council has ensured that it has complied with section 33 of the 1994 VAT Act which allows local authorities and other public bodies to recover VAT incurred on costs associated with: non-business activities, taxable business activities where the body is VAT registered (subject to the normal rules), and exempt business activities (where the input tax incurred in relation to exempt activities is considered to be insignificant).</i></p> <p>A selection of random payments were cross checked against payment authorisation slips, cash book, bank statement and invoices and all were found to be recorded/authorised in accordance with Proper Practices. A further spot check of items paid via the BACS/Direct Debit system from the council's accounts were cross checked against cashbook, bank statements and invoices. All were found to be in order. A spot check of payments made under contractual terms were further analysed and all were found to be in accordance with agreed schedules and sums approved.</p> <p><i>Comment: in accordance with Financial Regulation 6.6, for each financial year the RFO has drawn up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council or a duly authorised committee, may authorise payment for the year provided that the requirements of regulation 4 (Budget and Precept) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council or Finance Committee.</i></p> <p>Spot checks were conducted on the Credit Card statements for the period under review and statements were interrogated to ensure a clear audit trail from point of purchase to allocation</p>
--	--

	<p>on the statement. The account is subject to automatic payment in full at each designated date for the month-end.</p> <p><i>Comment: with reference to council’s own Financial Regulation 9.2, council has ensured that it adheres to the specific control procedure for the use of any payments by a credit card with the limits authorised by the council.</i></p> <p>In accordance with its scheme of delegated powers, as agreed by full Council, all expenditure is presented to the Finance and Establishment Committee on a monthly basis for review. Council has ensured that, for the settlement of its invoices by both cheque and BACS, and in accordance with Financial Regulation 7.1, there is a two-tier authorisation system which ensures that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories. A review of the procedures followed for receipt of invoices, agreement of invoice detail and confirmation of goods or services delivery along with approval for payments was undertaken on 18 individual payments in the period between 1st April to 31st October 2024 and it is confirmed that Council is therefore operating within its own Financial Regulations and has resilient measures in place covering the manner in which the council’s payments are made.</p> <p><i>Comment: the system currently utilised by the council continues to demonstrate that there is an effective measurable arrangement for the safeguarding of public money. Measures are in place to ensure that the council has a system of control covering how it orders goods and services and incurs and handles its liabilities.</i></p> <p>Council continues to show good practice by ensuring that, on receipt of invoices, verification that the relevant goods or services have been received is obtained and invoices checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT.</p> <p>The Council’s Purchase Order file for items ordered in accordance with council’s own Financial Regulations was reviewed during the internal audit visit. A random sample of orders placed during the period under review demonstrates that council has operated within its own Financial Regulations within the limits set for the purchase of goods and services as covered under Financial Regulation 5 (Procurement). Council continues to follow good practice by ensuring that an official order is issued for all work, goods and services unless a formal contract is to be prepared, or an official order would be inappropriate. In accordance with proper practises, on receipt of invoices, verification that the relevant goods or services have been received is obtained and invoices are checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT. The</p>
--	--

	<p>Purchase Order file is numerically held and controlled by the RFO in accordance with Financial Regulation 5.8.</p> <p>Recommendation: Council might wish to note that the Financial Regulations as reviewed and adopted by full Council in September 2024 (FC159-24) still contain a number of generic provisions and are not fully tailored to the council. The model document should be reviewed / developed to the council to ensure that the items contained within curly brackets and square brackets indicating words, sentences or sections are removed if not applicable or amended to fit the council’s circumstances and the activities it undertakes.</p> <p>The contracts in place for the year 2024-2025 were further reviewed and found to be in order. Council’s Officers have ensured that, where relevant they have complied with council’s adopted Standing Orders and Financial Regulations in terms of procurement and where those regulations require an open invitation and a formal tender process, they have followed them. The council has ensured that where the legislation applies, as a contracting authority, it must, meet its contractual requirements for goods, works and services by means of an advertised competitive contract award process that is based on objective, relevant and proportionate criteria. Council has ensured that where it has invited specific firms to tender, or the project not progressed, it has ensured that the reasons for such an action is recorded in accordance with guidance.</p> <p><i>Comment: council is aware of the requirement that where the opportunity was not advertised it must still publish the awarding of the contract (over £30,000 thereafter) on the Contracts Finder within a reasonable time limit.</i></p> <p>Council continues to be mindful of guidance covering the procedures for the management of capital projects which are covered by council’s Standing Orders, and which require payments against certified completions under a planned and approved programme of works governed by a properly negotiated contract supervised by a named authority officer.</p> <p>Council, having declared that it fulfilled the eligibility criteria to use the general power of competence (at least two-thirds elected members and a qualified Clerk (CiLCA or higher)), resolved at the meeting of 15th May 2023, to use the power until the next relevant Annual Council Meeting (May 2027).</p> <p>Council operates a Grants Policy with grants being awarded under the following categories: Small Grants Scheme; Youth Partnership; Resilience Funds and Hall Hire Grants. Separate grants are awarded to the Citizens Advice Bureau and the Uttlesford Community Transport in accordance with the Annual Budget set.</p>
--	--

SAFFRON WALDEN INTERNAL AUDIT – 2024 - 2025

	<p><i>Comment: the Council operates the above grants within the remit of its Grants Policy which aims to ensure that funding is distributed to those who need it most, whether it is working with disadvantaged groups, health, social inclusion, sports events, charitable events, a trip or new initiatives and projects. The policy is adhered to, regularly reviewed and considered fit for purpose.</i></p> <p>The council has the following Public Works Board Loan: Town Hall £200,000 which was drawn down in March 2017 PW505280. Interest repayments are to be made twice yearly on the nearest working day to 20 March & 20 September and the rate of 2.28% has been applied. The half yearly annuity payment of £6,254.30 was made on 20th September 2024. Balance outstanding as at 31st March 2024 was £140,042.83.</p> <p>Council continues with the process whereby details of the profit and loss account, monthly report and shop sales for the Tourist Information Centre are received and noted by the Finance & Establishment Committee with written reports confirmed as being received. An examination of the underlying accounting records relating to the Tourist Information Centre and the submission of invoices for payment to the Town Council was conducted during the internal audit visit. The procedures for cash and cheques as operated by the Tourist Information Centre are clearly referenced within the Town Council’s Risk Assessment and Procedures and fully implemented by the Tourist Information Centre staff.</p>
<p>3. Budgetary controls. Examination of:</p> <ul style="list-style-type: none"> ● Verification of process of setting of budget ● Monitoring of budget ● Reporting of expenditure and variances ● Monitoring reserves 	<p>At the meeting of 15th January 2024, Council resolved to adopt the budget for 2024 - 2025 in the sum of £2,234,810.91 (nett) which allowing for budgeted income and capital expenditure reserves would equate to a precept request in the sum of £1,369,838. The minutes and associated paperwork demonstrate that this would equate to a 6% increase on a Band D (£194.29) against a tax base of 7,050.41. The approved budgeted expenditure was agreed at £2,619,174.91 with budgeted income at £384,364.</p> <p><i>Comment: to ensure clarity and transparency, council has followed best practice by expanding the minutes to show not only the percentage (%) but also the financial increase (£) the precept being set would have on a Band D Council Tax dwelling, taking into account movement in the tax base, over that set for the previous year.</i></p> <p>A review of the budget including detailed income and expenditure position was reported on a monthly basis to the Finance and Establishment Committee Meetings with corrective actions being approved and evidenced within the minutes of each relevant meeting and such minutes being adopted at the next relevant full Council meeting. Evidence was seen of budget to actual reports with committed expenditure and funds available breakdown. Expenditure breakdown by heading is provided to Finance and Establishment Committee Meeting with detailed income</p>

	<p>and expenditure by account for currently funded projects thereby allowing further analysis in showing percentage of income / expenditure against budget.</p> <p><i>Comment: council is acting within its Standing Orders as each councillor is supplied with the following documents and each is considered and reviewed:</i></p> <p><i>(a) Receipts and payments for each quarter</i></p> <p><i>(b) Aggregate receipts and payments year to date</i></p> <p><i>(c) Balances held at the end of the current quarter (to 30th June and to 30th September 2024) with all being formally received by full Council following a review by the Finance and Establishment Committee.</i></p> <p>The minutes of the meeting of full Council of 13th May 2024 provide clarity on the consideration of carry forward figures which were formally adopted by the council.</p> <p><i>Comment: Council continues to show good practice by following the recommended key stages as to the budgetary process to be followed for the year and complies with Financial Regulation 4.4 which allows for unspent funds for partially completed projects to be carried forward (in an earmarked reserves) with the formal approval of the council.</i></p> <p>The Council maintains a rolling 4-Year Business Plan (May 2023 – May 2027) which details the Council’s overall vision and objectives, strategic planning/key projects, communication/engagement, a listing of specific actions with measurable outcomes and areas of active involvement. Assessment of the projects identified is regularly reviewed in terms of suitability, feasibility, acceptability and risk. This approach is used to assess the effectiveness and efficiency of progress in implementing projects, programs, works, and initiatives allowing council to show accountability and enhance decision-making.</p> <p>At the meeting of full Council of 9th September 2024, the Plan being a ‘living’ document was reviewed and updated with council agreeing to remove four of the projects previously identified. Further updates were provided on completed and significant capital expenditure projects and the possibility of adding two further projects onto the council’s list of priorities.</p> <p><i>Comment: in accordance with Financial Regulation 4.3, the RFO ensures that council is able to consider the annual budget proposals in relation to the council’s rolling business plan thereby allowing the council to be proactive demonstrating effective financial management.</i></p> <p>Council continues with the practice of ensuring that virements between budgets are considered by the Finance and Establishment Committee and recommended for approval to the Town Council as and when they arise, subject to Financial Regulation 5.12 which states that “No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated</p>
--	--

	<p>committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement'). The Clerk and RFO are authorised to vire monies within budgets to a maximum of £4,000 per item"</p> <p>A scan of the minutes did not give rise to any unusual financial activity and there were no actions of a potentially unlawful nature being considered.</p> <p>Council's Financial Regulations as adopted by full council details under Financial Regulation 5.15 the expenditure on revenue items that may be authorised by the clerk on behalf of the council which in the clerk's judgement it is necessary to conduct. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £50,000.00. The Clerk shall report such action to the chair of the council as soon as possible and to the council as soon as practicable thereafter. <i>Comment: Council follows best practice by ensuring that such an action is evidenced by a minute or by an authorisation slip duly signed by the Clerk and where necessary also by the appropriate Chair.</i></p> <p>The Council on 31st March 2024, had overall reserves totalling £614,985.91. General Reserves stood at £415,536 with the Current Year Fund at £36,726 and Earmarked Reserves of £162,724.</p> <p>Council's Reserve Policy, (as reviewed and adopted by the Finance and Establishment Committee in October 2024) confirms that the level of general reserve to be held by the council will be agreed during the discussions for the setting of the budget for the coming financial year. The policy provides clarity on the requirement to consider cash flow requirements, inflationary and interest rates, diversification of funds to spread risk and optimize interest returns. The adopted policy shows that even at times of extreme financial pressure the Council will keep a minimum balance in general reserves sufficient to pay at least three month's salaries to staff and cover existing contractual obligations. <i>Comment: council is aware that whilst there is no upper or lower limit to EMRs, they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting).</i></p> <p>Council continues to ensure that all Earmarked Reserves are separately identified and enumerated and that they are held for genuine and intended purposes and their level is subject to regular review and justification.</p>
--	--

<p>4. Income controls. Examination of:</p> <ul style="list-style-type: none"> • Precept • Other income <ul style="list-style-type: none"> ➤ Allotment fees ➤ Hall hire fees ➤ Market fees ➤ Burial and associated fees • Aged Debtor Listings 	<p>Council received precept in the sum of £1,369,838 from Uttlesford District Council for the period under review in April and September, both having been reported to the Finance and Establishment Committee in accordance with council’s own Standing Orders. Evidence was provided showing a full audit trail from Precept being discussed and approved at the meeting of 15th January 2024 to that being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council’s Bank Account.</p> <p>During the year under review, Council received income from a number of identified sources all of which was banked intact with the transactions identified within the accounting system operated by the RFO. A sample review of the control rents for the premises, flats, market, allotments, hall hire and sports ground hire fees along with associated documentation was undertaken during the internal audit visit and all expected income was found to be based on the correct price, properly recorded and promptly banked with VAT (where appropriate) accounted for.</p> <p>Further spot checks during the internal audit visit on further items paid under BACS / Direct Credit into the council's accounts were cross checked against cashbook, bank statements and invoices raised by the council. All were found to be in order with a clear underlying audit trail.</p> <p>Income is recorded in accordance with Financial Regulations and reported to the Finance and Establishment Committee on a monthly basis which is broken down by budget code with a year to date including comparison of income year to date against previous years. The council’s minutes show receipt of and approval of a list of receipts occurred during a specified period, which are included within the published minutes of the council’s meetings.</p> <p><i>Comment: Council has ensured that appropriate control procedures are in place and documentation is in existence to provide a clear audit trail from invoicing through to recovery of all such income.</i></p> <p>The annual review of council’s fees and charges for hall / room hire, and sport grounds hire fees has yet to be conducted and it is expected that the Assets and Services Committee will be tasked with undertaking such a review in terms of terms of fees, rents and terms and conditions to be applied prior to year-end.</p> <p>During the year ending 31st March 2024, the Asset and Services Committee at the meeting of 23rd October 2023, undertook a review of the terms and conditions for its market rents and agreed to adopt revised terms and conditions and set a pricing structure to be implemented with effect from 1st January 2024.</p>
---	--

	<p>Similarly, a review of the allotment rents was carried out by the Assets and Services Committee in 2023 with agreement at the meeting of 25th September 2023 that the council would increase allotments rents from April 1st 2024 with staged increases agreed for the next three years. <i>Comment: fee reviews are essential to ensure that the council's income module remains competitive as well as ensuring profitability is maintained. This will ensure that the council's revenue streams are fully optimized allowing for adjustments where necessary.</i></p> <p>As a Burial Authority and in accordance with proper practices, Council has ensured that it maintains a formal burial register which is up-to-date and accurately held. A review of a sample of interments and memorials will be conducted at the annual internal audit review to ascertain whether they can be appropriately evidenced, and fees have been charged at the correct approved rate and recovered within a reasonable time. A review of the council's cemetery rules and regulations was undertaken by the Assets and Services Committee at its meeting of 23rd October 2023, the minutes of which were approved a meeting of the Assets and Services Committee on 27th November 2023, with a copy of the meetings being received by full council at its meeting of 13th November 2023. Fees set became effective from January 2024.</p> <p>Council is aware that where it has self-generated income (other than the precept) it should consider situations that may lead to a loss of revenue as well as increased costs and ensure that appropriate measures are put in place to account for significant impacts to this revenue stream. Council is mindful of its own Financial Regulation 13.25 which requires all fees and charges to be reviewed on an annual basis. <i>Comment: Council has ensured that appropriate control procedures are in place and documentation is in existence to provide a clear audit trail from invoicing through to recovery of all such income.</i></p> <p>The outstanding sales ledger invoices for the period ending 31st March 2024 in the sum of £2,789.25 was seen and verified. The RFO has advised that there are no irrecoverable accounts for consideration as bad debts and appropriate follow up action is in place. <i>Comment: Council is aware that Proper Guidance states that uncollectible amounts, including bad debts, should only be written off with the approval of members, or under delegated authority by the RFO and that such approval should be shown in the accounting records.</i></p>
<p>5. Petty cash/expenses procedure. Examination of:</p> <ul style="list-style-type: none"> • Supporting documentation • Float reimbursed regularly • Reporting mechanisms 	<p>Petty cash is operated and managed in accordance with Council's own Financial Regulation 10.1. All petty cash payments are supported by receipts and are entered into the petty cash book.</p> <p>Petty cash reconciliations are conducted on a monthly basis and cheques raised to ensure sufficient funds to allow the float to be adequately maintained. A spot check of items recorded</p>

SAFFRON WALDEN INTERNAL AUDIT – 2024 - 2025

<ul style="list-style-type: none"> • Security of cash kept • System of control 	<p>in the cash book were checked against receipts and cash book sheets and found to be in order. The petty cash funds are kept in a locked drawer.</p> <p><i>Comment: in accordance with Proper Practises, the petty cash float is adequate in size to meet small items of expenditure and does not require reimbursement more frequently than once a month. Adequate records of the receipts and payments have been maintained for each float, including a VAT analysis, and regular reconciliations are performed.</i></p> <p>Council’s risk management system defines petty cash risk category as theft with controls measures implemented to cover the manner in which claims are to be settled; insurance for the agreed petty cash float; internal audit review of receipts settled; internal audit review of petty cash reconciliation and the manner and level to which the petty cash is maintained.</p> <p><i>Comment: whilst the control mechanism, as identified in the risk management system, defines the maintenance of the balance of petty cash as being via a cheque raised in accordance with council’s own Financial Regulations, it is noted that the RFO has the ability to draw out cash via the SWTC debit card. It is advisable that control mechanisms for this process should be added to the risk management system.</i></p>
<p>6. Payroll controls.</p> <p>Examination of:</p> <ul style="list-style-type: none"> • Management of payroll • PAYE/NIC system in place • Compliance with HMRC procedures • Records (relating to contracts of employment) • Mayoral Allowance 	<p>The council's payroll service is outsourced and has been operated properly and overseen by the council as an employer. Salaries are paid using the outsourced provider for which the council incurs a payroll processing fee per month as well as a fee to cover rebate and repayment schemes in place. All such payments are posted to control codes with monthly postings to nominal codes via the use of journals within the financial accounting package.</p> <p>The council is a member of the Local Government Pension scheme (LGPS). At year-end, Council had 36 employees on its payroll, 21 of which are members of the Local Government Pensions Scheme as operated by Essex County Council. For all staff, a formal employment contract is in place. Where appropriate, confirmatory letters setting out any changes to the contract are issued.</p> <p>Cross-checks were completed on a sample of items each of salary, PAYE and pension contributions and these were all found to be in order. Salaries are paid in accordance with contracted hours worked and timesheets for office staff and labour including those for overtime were seen. Gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours. Payroll records including variations to contracts with approval dates of such revisions are accurately maintained and held securely by the RFO. All staff are paid at the agreed rate of pay as outlined in the 2024 agreement for Local Government Services Pay (as issued by the National Joint</p>

SAFFRON WALDEN INTERNAL AUDIT – 2024 - 2025

	<p>Council for Local Government Services) with any locally agreed variations approved by the council. <i>Comment: in accordance with Proper Practices, Council has ensured that the remuneration payable to all employees has been approved in advance by the Council.</i></p> <p>PAYE taxes and employee and employer National Insurance contributions (NIC) are calculated and recorded for every employee. Deductions are paid to HM Revenue and Customs and Essex County Council on or before the dates prescribed. <i>Comment: there are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.</i></p> <p>Electronic payments to all staff are made, in accordance with the approved procedure for accounts payable and as outlined under Financial Regulations 11.4. The payments to staff by bank transfer are ratified at meetings of the Council in accordance with Financial Regulation 11.6.</p> <p>Within the annual budget set is a sum for the Mayor’s Allowance which for the year 2024-2025 was set at £3,000. Expenditure incurred to date totals £2,973 (although it is noted that the narrative on the budget states that this is the (23-24 allowance). <i>Comment: Council is aware that section 15(5) of the LGA 1972 provides that Parish (and Town) Councils may for its Mayor “ for the purpose of enabling them to meet the expenses of their office such allowance as the council think reasonable”.</i></p>
<p>7. Asset control. Examination of:</p> <ul style="list-style-type: none"> • Asset Register • Checks on existence of assets • Recording of fixed asset valuations • Cross checking on insurance cover 	<p>The Asset Register for the period ending 31st March 2024 within the files submitted for internal audit detailed assets over £1,000 to a total value of £4,161,942.14. The RFO has previously confirmed that the Council has a full operational asset list of all assets within the remit of the Town Council. As has been previously agreed (meeting of full Council of 13th June 2022) Council approved setting the base register for reporting purposes at £1000.</p> <p>A full review of the asset register along with a spot check of a number of assets against insurance valuations will be undertaken at the annual review once the register has been formally reviewed by council’s officers. <i>Comment: the council has understood the guidance issued ensuring that it maintains a formal asset register which is routinely updated to record new assets at historic cost price, net of VAT and to remove any disposed of / no longer serviceable assets.</i></p>
<p>8. Bank reconciliation. Examination of:</p>	<p>Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports</p>

SAFFRON WALDEN INTERNAL AUDIT – 2024 - 2025

<ul style="list-style-type: none"> • Reconciliations • Cashbook • Bank Statements • Monitoring of investments • Approval of new investments 	<p>submitted to the Finance and Establishment Committee and as reported in the minutes of the committee submitted to full Council.</p> <p>Detailed Balance Sheets along with Detailed Profit and Loss Account Reports are also submitted in accordance with the timescales prescribed within council’s Standing Orders and form part of the minutes that are retained in hard copy by the council.</p> <p><i>Comment: Council continues with the implemented system whereby the monthly reconciled bank accounts are presented to the Finance and Establishment Committee and follows good practice by ensuring that the reconciliation of the cash book to bank statements is reported to members, and the full reconciliation made available for scrutiny each time it is done.</i></p> <p>Approval of the bank reconciliation by the authority appointed member, as reported at the Finance and Establishment Committee in October 2024, is not only good practice but is also a safeguard for the RFO and fulfils one of the authority’s internal control objectives.</p> <p>Bank balances as at 31st October 2024 agree with the period-end bank statements: £1,044,605.08 which are broken down as follows: Current Account: £50,000.00 Commercial Instant Access: £58,299.34 Less unrepresented payments of £160.00 Plus unrepresented receipts of £1,465.74 Debt Management Office: £935,000.00</p> <p>At its meeting of 15th July 2024, the Finance and Establishment Committee, mindful that under statute it is required to maintain adequate financial reserves to meet its needs, reviewed its adopted Investment Policy and agreed amendments to its short-terms investments. It was agreed to review the policy again in January 2025 being one year of experience of working the with Debt Management Office. To take advantage of the costs and benefits in setting up a Faster Payments Online system, the Finance and Establishment Committee further resolved to submit an application to allow dual authorisation (officer and councillor) payments to be made online to the debt management office.</p> <p>Council’s adopted investment policy, defines the authorisation, investment reports and responsibility as follows: investments will be authorised by the Chairperson and the Vice-Chairperson of the Finance and Establishment Committee in consultation with the RFO and reported at the following meeting of the Council or Finance and Establishment Committee, whichever is first. The Council is ultimately responsible for its investments. Investments may be made through major High Street banks and/or via the UK Debt Management Office, an</p>
---	---

	<p>integral part of the UK Treasury Department. Investments shall be instant access, save that the RFO is authorised to make fixed term investments as follows:</p> <ul style="list-style-type: none"> - up to £1,500,000 in total for fixed terms not exceeding 12 months - up to a further £1,000,000 in total for fixed terms not exceeding six months <p>It is noted that councils investment policy (as seen on the website) states that short term investments are those offering high security and high availability, made in sterling and maturing within 2 years, whilst long term investments shall be defined as greater than 2 years. The Council will use the same criteria for assessing long term investments as identified above for short term investments.</p> <p>Recommendation: Council should note that proper practices defines long-term investments as being for more than 12-month terms and must be reported as Assets in the AGAR at section 2, line 9. Council is advised to consider revising the policy to align with guidance given.</p> <p>The RFO has ensured that the Finance and Establishment Committee is provided with updates on the management of council’s investments as detailed in the minutes of the Finance and Establishment Committee of 19th February 2024. The RFO provides clarity on the returns that can be expected, the time-limits for investments and the written processes to be followed to allow the execution of Debt Management Office (DMO) deals. In the absence of the RFO, the Town Clerk is able to deputise thereby ensuring continuity in the functioning of the balances to be placed on deposit with DMO.</p>
<p>9. Internal Audit: Examination of:</p> <ul style="list-style-type: none"> • Reporting of Previous Internal Audit Reports • Review of internal audit • Appointment of internal auditor 	<p>The narrative Internal Audit Report for the year ending 31st March 2024 was considered at a meeting of the Finance and Establishment Committee of 20th May 2024 with formal adoption of the report by Full Council at its meeting of 10th June 2024.</p> <p>The following recommendations having been considered by the Finance and Establishment Committee are in the process of being implemented:</p> <ol style="list-style-type: none"> 1. Treatment of draft minutes, contemporaneous notes and recordings of the meeting. <p>A number of comments made in the light of the period ending 31st March 2024, with areas identified that could be expanded to provide independent assurance that the Council’s risk management, governance and internal control processes were operating effectively, were considered alongside mitigation measures at the Finance and Establishment Committee Meeting of 20th May 2024. None of the measures proposed were considered to have financial implications.</p> <p>Mrs Waples was appointed to act as the parish council’s independent internal auditor for the year 2024 – 2025 at the meeting of full Council of 8th July 2024 whereby approval of the</p>

SAFFRON WALDEN INTERNAL AUDIT – 2024 - 2025

	<p>documents and processes covering the work of the internal auditor, risk assessments and internal control measures was given.</p> <p><i>Comment: Council, in accordance with the Accounts and Audit Regulations 2015, has noted the requirements to formally reviewed the scope and effectiveness of its internal audit arrangements following receipt of the audit plan proposed and considered that such arrangements were appropriate for the council and that the audit plan properly took account of all of the risks facing the Council.</i></p> <p>The interim internal audit date, to which this report relates, was agreed by mutual convenience and council has been provided with a letter of engagement for the year 2024-2025 outlining the scope of internal audit activity; independence of the internal auditor, rights of access; reporting and remuneration.</p> <p><i>Comment: as outlined in proper practices, council has understood that it should have a letter of engagement detailing roles and responsibilities for internal audit, audit planning and timing of visits, reporting requirements; access to information; period of engagement and remuneration.</i></p>
<p>10. External Audit Examination of:</p> <ul style="list-style-type: none"> • Reporting of External Audit Report • Publication of final certificate 	<p>The External Audit Report and Certificate for the year ending 31st March 2024, having been received by the council in September 2024, was submitted to and considered by the Finance and Establishment Committee at its meeting on 21st October 2024 with formal adoption by the full Council at the meeting of 11th November 2024.</p> <p><i>Comment: Council has noted the provisions of Regulation 20 (in part) of the Accounts and Audit Regulations 2015 which states that the annual audit letter received from the auditor must be considered by the authority and published (including publication on the authority’s website) and to permit copies to be purchased.</i></p> <p>There were no matters which came to the attention of the external auditor that gave cause for concern that relevant legislation and regulatory requirements that have not been met.</p> <p>The Internal Auditor is able to verify that the external auditor report, certificate, conclusion of the external audit along with the auditor’s certificate have been published on the Council’s website. Details as to how copies may be purchased have also been included.</p> <p><i>Comment: Council has ensured that it has complied with the Regulation 16 of the Accounts and Audit Regulations 2015, as it has demonstrated that, following the conclusion of the audit, it has published a statement saying that the audit has been concluded and given the details of the public’s rights of inspection under section 25 of the 2014 Act (Local Audit and Accountability Act 2014) stating where and when those rights may be exercised.</i></p>

SAFFRON WALDEN INTERNAL AUDIT – 2024 - 2025

<p>11. Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015.</p>	<p>The Internal Auditor is able to confirm that the Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 and published the following for the year 2023/2024 on a public website:</p> <ul style="list-style-type: none"> • Annual Internal Audit Report of the AGAR • Section 1 – Annual Governance Statement of the AGAR • Section 2 – Accounting Statements of the AGAR • Section 3 – The External Auditor Report and Certificate • Conclusion of the limited assurance review • Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015 (as approved at the meeting of the Finance and Establishment Committee of 20th May 2024 – dates commencing on Monday 17th June and ending on Friday 26th July 2024).
<p>12. Period-end procedures. Examination of:</p> <ul style="list-style-type: none"> • Appropriate accounting procedures used • Bank Statements and Cash Book agree • Debtors and Creditors properly recorded 	<p>The Internal Auditor confirms that having reviewed the period-end files, there is a full underlying financial trail from financial records to the accounts produced. Debtors and creditors have been properly recorded and the RFO has continued to ensure that the council’s accounting software contains and records details on its assets and liabilities including the asset and investment register and other debts.</p> <p>As is generally recognised, having produced Income and Expenditure Accounts with debtors, creditors and period end cut-off, council uses a proprietary accounting software thereby allowing accurate tracking of transactions that will allow for comparisons over differing accounting periods.</p> <p><i>Comment: Council is aware that its balance sheet provides a snapshot at a given point in time of the council’s net worth thereby identifying its assets and liabilities and that year-end procedures will allow the Council to ascertain the result of either a surplus or a deficit for the year under review.</i></p>
<p>The Internal Auditor offers her appreciation for the assistance given by the Town Clerk, Responsible Financial Officer and Officers in completing this audit.</p> <p>Council has continued to maintain effective governance arrangements and can show evidence of strong governance and good financial practice. The internal audit review, undertaken on the documentation provided during the visit to the Council’s Offices as well as from that found online via the Council’s website, has provided evidence of the overall adequacy of the financial arrangements in place within the council.</p> <p><i>For further information on the changes to Proper Practises for the year effective 1st April 2024 please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2024.</i></p>	

Victoria S Waples

Date of Internal Audit Visit: 04.12.2024

Date of Period-end Internal Audit Report: 17.12.2024

Victoria S Waples, PSLCC, CiLCA, BA(Hons),
37 Queenscliffe Road
Ipswich, IP2 9AS

FINAL