

Keith Robertson
Internal Audit Services
EDENBRIDGE TOWN COUNCIL
Internal Audit Report 2023-24

In accordance with the Internal Audit Plan, Controls and Procedures have been tested. The tests were to the standards and practices defined in the Governance and Accountability for Smaller Authorities 2023 and meet the needs of the Council. I confirm that I do not have any role within the Council and have carried out my duties without bias.

The audit was completed on 23rd April 2024 at the Council offices with the Clerk and RFO and confirmed that the financial management and internal controls are in good order. The administration of the Council is operated very diligently and professional by the Clerk and RFO who continue to improve the quality of services each year.

The report below highlights the findings of the year end 2023-24 audit with reference to the Internal Control Objectives and Governance Statements in the Annual Return.

Update on Items reported in the 2022-23 year end internal audit

Budgeting. Recommended greater clarity to confirm which budget working papers were used to approve the budget and forecast I&E. Recommended to include a reserves grid that proves the forecast and budget reserves balances. **Completed.**

Internal Audit Report 2023-24

A. Appropriate Accounting Records.

- A.1 The financial records are maintained using Edge financial software which is designed for use by local councils.
- A.2 The financial ledgers are kept up to date, correct and regularly balanced. VAT is properly accounted for.
- A.3 I&E reports are available in summary and detail formats. These reports agree to the accounts presented to the Council and to the AGAR for 2023-24.
- A.4 Balance sheet reports were produced at year end. Sample tests confirmed these were correct and the Debtor and Creditor balances were managed and reasonable.
- A.5 A sample of financial transactions were tested. There was an adequate audit trail for all documents tested and these were all correctly posted the accounts.
- A.6 Bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.
- A.7 The Council has almost £1 million of funds. These are invested in no/low risk accounts in Banks and CCLA. The Council has a Capital/Investment policy.

B. Financial Regulations, documentation, and approvals.

- B.1 The Financial Regulations and Standing orders were reviewed in 2023-24. Sample test confirmed the SO & FR are complied with.
- B.2 Expenditure Approval. Invoices are received by the RFO. Approved by persons commissioning the service/ goods and then entered the finance system. One Councillor signs/confirms invoices. The bank transfer is created by the RFO and approved online by 1 Councillor and a second councillor confirms the bank payments report. Samples of expenditure tested confirmed the controls are good and are being properly applied.
- B.3 VAT data tested was correct.
- B.4 Samples tested of documents required for tender were correct.

C. Risk

A risk register of all risks is complete and up to date and adequate for the Council's needs. Insurance – The Town Council's Insurance cover is adequate to cover the asset values and liability risks.

D. Budgeting, Reporting and & Precept

D.1 Budgetary Control. The budget process is documented in the working papers and minutes. The data used was tested in this audit and confirmed the process is adequate and complies with the audit standards. The budget process to establish I&E and reserves was reviewed and agreed for both the forecast and budget years. The Council does consider forward planning of reserve needs.

D.2 Reports for I&E actual vs budget, balance sheet and reserves are regularly reviewed by the finance committee along with detailed reported for expenditure. Comments on variance and any actions required are noted. Reporting is continually reviewed and improved year on year to ensure the Council is properly informed.

E. Receipts

E.1 Income is primarily from the annual Precept, rents, fees, plus some substantial CIL funding.

E.2 The precept agreed to the local authority statement.

E.3 The Council is VAT registered. Quarterly VAT claims are received and processed correctly.

E.4 Debtors are current and managed with an aged debtor analysis.

F. Petty Cash – The Council has £200 PC float. With minimal transactions during the year.

G. Employee Costs

G.1 Employee accounting and controls were reviewed in detail at the October 2022 Interim Internal Audit and found to be adequate. Sample tests of transaction in this audit confirmed that the payroll data agreed to the data in the financial records.

H. Assets

H.1 The Asset register is up to date and agrees to the AGAR and is adequate to meet the audit standards.

I. Banking.

I.1 Bank reconciliations are regularly produced and checked. Sample checks confirm the reconciliations to be correct and reviewed and approved by the Council.

I.2 On line payments approvals. The RFO raises the payment transaction, two Cllrs sign papers one approves online (bank does not have 2 authorisation facility). CCLA investments – 2 Cllrs sign authorisations.

J. Accounting Statements.

J.1 The accounts are maintained on an income and expenditure basis and agreed to the financial reports as at 31-3-24.

J.2 There is an audit trail through the financial records with all sampled tests being correct.

J.3 Reserve balances. The Council regularly monitors its reserve balances, which are considered by the Council to be adequate.

J.4 Debtor and Creditor balances are regularly reviewed and reconciled.

K. Limited Assurance Review Exemption. Not applicable

L. Transparency code requirements. The Council did correctly publish the required data for a Council with turnover over £200K.

M. Exercise of Public Rights. Notifications for 2022-23 were correctly published on the website in 2023-24

N. Publication of the 2022-23 AGAR documents. These were correctly published in 2023-24.

O. Trustees. The Council is the sole managing trustee of 2 trusts (Charities).

302732 Edenbridge Public Recreation Ground. Nil Income or Spend and 302733 Recreation Ground Nil Income or Spend. Trustee meetings are held annually to confirm nil returns.

Some Edenbridge Town Councillors are also individual trustees (the Council is not a trustee) of Charity 307544 The Norman Foundation. This charity has its accounts produced by the Council's RFO and holds a minimum of one trustees meeting annually, and as and when grant requests are received; the annual meeting and other interim meetings reviews the statement of accounts. The are minutes posted on the Council's website.

The Council has met its responsibilities as a Trustee.

Keith Robertson FCMA

Internal Auditor, 25th April 2024