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22 January, 2024

The Town Clerk
Sturminster Newton Town Council
The Council Offices
Old Market Hill
Sturminster Newton
DT10 1FH

Dear Kate

Interim Internal Audit Report

April 2023 to November 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.

The internal audit work we have 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 2023-24 Annual Governance and Accounts Return.

We confirm that we are independent of the Council.

The Council are required to comply with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2023
- The Accounts and Audit (England) Regulations 2015 (as amended).

Background
Sturminster Newton Town Council had income and expenditure in 2022/2023 of between £300,000 and £400,000 and is subject to review by the External Auditor, BDO. The Accountability and Governance Annual Return has been submitted to the External Auditor. The Council had a clean annual report from the External Auditor for 2022-23.

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 RBS Omega Software

This interim internal audit review was agreed with the Town Clerk on Wednesday 07 November 2023 to be carried out remotely and a follow up visit was arranged for Wednesday 10 January 2024.

The Town Clerk provided back-up information electronically on the day to cover the period April 2022 to November 2023 which supports the current governance and financial management position of the Council.

This review continues to check the internal control systems from the internal audit work done in 2022/2023 and focusses on checking and validating internal control systems in use at the Town Council including transactional elements of the financial accounts.

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

The Town Clerk is currently in the process of formalising the agreement to transfer the financial management information onto Scribe software from the current RBS Omega software. We understand that this has been considered by the Town Clerk to ensure it provides better software support to the Finance Officer for processing financial transactions.

Confirmation will be required to ensure that the correct balances from the RBS software are transferred to Scribe, particularly as this is likely this will be done part way through the financial year 2023/2024.

We have discussed this issue with the Town Clerk and have recommended that both her and the Finance Officer should also seek further Scribe Training for the end of year closedown which will be offered by Scribe during the period January and March 2024.

We feel the Council should also react positively to an increase in the budget 2024/2025 and a rise in the Precept so not to put strain on current levels of service.

Our opinion is that the financial pressures such as the potential increase in the negotiated NJC salary awards, will need be factored into the Budget for 2024/2025.

The Town Clerk has completed an Business Case report of the staffing arrangements for the Town Council as the recent period of staff absences has put strain on the Town Clerk to ensure that the service provision of the Town Council can remain sound.
The report has provided details of how the Council can future proof its service provision by reviewing the current staffing structure and provide additional resources.
We understand that the recent absence of the Finance Officer has delayed the implementation and transfer to the Scribe software although the Town Clerk should be congratulated as the day-to-day financial management of the Council has been maintained during the absence period.

We have noted that there are current projects with the Youth Hub and Workshop Extension that need a detailed overview by the Town Clerk. This may include an application for a PWLB loan and further due diligence to complete the project requirements.
It is our opinion that it is vital that time is given to finalise these details and the Town Clerk is given the time to focus on them. This relies heavily on the correct resourcing for the Town Council to be set at the correct levels.
(Audit Note: We feel the Council should support the Business Case report to be presented to the Town Council on 11 January 2024 and recommend that the future staff structure of the Council is enhanced and strengthened to an appropriate level that does not put strain on the Town Clerk to undertake daily financial routines but to concentrate on the strategy and project work for 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 review.

During this review we checked the following:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and Expenditure
- Insurance
- VAT claims
- 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 continues to maintain its books and records on RBS Rialtas Omega Software
- The Town Clerk is aware of the requirements of GDPR.
- The Council is registered with the ICO.
- Details of total payments authorised at meetings are recorded in the Minutes.
- The budgeting process continued to be monitored.
- Bank reconciliations are carried out promptly each month.
- The Council takes an active scrutiny role.
- All income received could be traced to the financial ledger.
- VAT claims are completed on a regular basis.
- The Insurance cover is appropriate for the size of the Town Council
- Payroll deductions are paid appropriately for PAYE, National Insurance to HMRC and Pension Contributions to the Pension Provider
- All expenditure items could be traced and are recorded correctly in the financial ledger.
- Minutes are signed by the Chairman as evidence of decisions taken by the Council.

Recommendations

Scribe Software

- The Town Clerk should ensure that all balances are correctly transferred to the Scribe software from RBS Omega software and that a dedicated date agreed for the transfer of financial records to be actioned.

Council Website

- Financial Regulations and Standing Orders displayed on the Council Website are out of date and have not been updated to display the current versions adopted by the Town Council.
- Fees and Charges displayed on the Council website are out of date and do not show the correct scale of charges approved by the Town Council.

Town Council Resources

- The Council is enhanced and strengthened to an appropriate level that does not put strain on the Town Clerk to undertake daily financial routines but to concentrate on the strategy and project work for the Town Council.

Other matters to be brought to the Council's attention

- The Town Council should ensure that budget setting for 2023/2024 considers the potential for higher salary costs which may be agreed as part of the NJC national pay negotiation with Unions. We are pleased to report that the Town Clerk has identified these and will include this in the draft budget for 2024/2025.
- We discussed the latest financial position in respect of Reserves for the Town Council. We continue to recommend that Earmarked Reserves should be reviewed as part of budget setting for 2024//2025 and that action should be taken to decide if Earmarked Reserves for future planned projects are still required.
- The Council are reminded to follow the best practice requirements in full of the Transparency Code Regulation 2015 which should be displayed on the Council website includes the following:
  a. all items of expenditure above £500
  b. end of year accounts
  c. annual governance statement
  d. internal audit report
  e. list of councillor or member responsibilities
  f. the details of public land and building assets.
  g. Minutes, agendas and meeting papers of formal meetings
- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2023 and will be able to tick "Yes" to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2023/2024 to comply with the requirements of the Accounts and Audit Regulations 2015. We will also be able to tick "Yes" to Control Objective M on the Annual Internal Audit Report 2023/2024.
- We note that the risk assessment for 2023/2024 will need to be approved by full Council by 31 March 2024. Once completed we will be satisfied that the Council can tick "Yes" to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2023/2024 to comply with the requirements for the External Auditor. We will then tick "Yes" to Control Objective C on the Annual Internal Audit Report 2023/2024. The 2023/2024 risk assessment should be uploaded on to the Council website for information after it is approved by the Town Council.
- The Clerk will be updating the Asset Register to record new purchases and disposals for 2023/2024 and represented and approved by the Council before the 31 March 2024. Once this is completed the

Council can tick “Yes” to Assertion 6 on the Annual Governance Statement on the AGAR 2023/2024.
We will be able to tick “Yes” to Control Objective H on the Annual Internal Audit Report 2023/2024.

Conclusion
Based on the tests we have carried out at this interim internal audit review, in our view, the internal control procedures in operation are adequate to meet the needs of Sturminster Newton Town Council except where we have made recommendations in this report.

Next visit

The next internal audit visit has been arranged for **Wednesday 05 June 2024**

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- Asset Register
- VAT claims
- Budget 2024/2025
- Transparency Code Regulation 2015
- End of Year Procedures

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