
Tidworth Town Council

Internal Audit Report 2024-25 (Final)

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***For and on behalf of
Auditing Solutions Ltd***

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to our final review for 2024-25, undertaken both at our offices and via a visit to the Civic Centre on 12 May 2025. We offer our thanks to the Town Clerk and her staff for their help and hospitality during the visit.

Internal Audit Approach

In concluding our review for the 2024-25 financial year, we have had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford reasonable assurance that the Council has appropriate and robust financial systems in place that operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' as part of the Council's AGAR process, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

Details of the work undertaken on the Council's accounting and other records during this review are set out in the following detailed report.

We continue to offer a reasonable assurance on the controls maintained by the Town Clerk and her team. While we have identified some errors in the accounting reports submitted by DCK which require correction, we do not believe that these are material enough to suggest that the accounts as presented are unreasonable.

While we have not seen the need to make any formal recommendations, we have made a number of observations throughout this report, which we have discussed with the Town Clerk, and would invite Council to carefully consider in order to enhance its governance of the financial system.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council continues to use the Rialtas Omega accounting software, which affords good identification and reporting of financial transactions throughout the year. Data entry is undertaken on behalf of the Council each month by externally contracted accountants (DCK). As at 31 March 2025 three accounts are in place with Lloyds Bank: the Treasurers (Current) & Community Instant Access (Deposit) accounts being combined in a single cashbook, plus the Mayor's Charity account (see below). There are also short term investments with the CCLA Deposit Fund, and Close Brothers.

Our objective is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear therein. We have consequently: -

- Agreed the closing trial balance for 2024-25 in Omega with that in the 2024-25 Statement of Accounts and AGAR;
- Verified that the financial ledger remains "in balance" at the year-end;
- Ensured that the cost and expenditure coding structure remain appropriate for purpose;
- Checked and agreed detail in the Omega cashbooks to the Lloyds Bank statements for all accounts up to 31 March 2025. We have noted a small difference between the Omega reconciliation and bank statement balance on the current account, which we have referred to the Clerk for clarification and amendment by DCK. However, we do not believe this to be material to the accounts as presented.

We note that the Financial Regulation (FR) 2.2 requirement for an independent review of bank reconciliations by Councillors has been continued into 2024-25, the last such check being in January 2025. This provides additional assurance to both the Council and the Town Clerk. We have, however, discussed with the Town Clerk the need to clearly report these checks, along with monthly bank reconciliations undertaken with DCK, in the Minutes of Full Council (which meets more frequently than the Leadership Committee).

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observations about the clear minuting of bank reconciliation checks by Full Council, and the difference between the current account bank statement and Omega records, for amendment by DCK.

Review of Corporate Governance

Our objective here is to ensure that the Council has robust corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We have:-

- Concluded our review of Minutes of the Full Council and Standing Committees for 2024-25 to ensure that, as far as we can ascertain, there are no significant issues arising that might give rise to ultra vires expenditure or other forms of potentially unlawful activity, also that the Council is continuing to manage its resources effectively and that no indications exist of potential problems with the Council's ongoing financial viability;
- Noted that the Council has reviewed and re-adopted both its Standing Orders (SOs) and Financial Regulations (FRs) in May 2024. However, these have both been superseded by later Model Forms issued by NALC, and we have referred this to the Town Clerk;
- Note that the Council still relies on Section 137 of the Local Government Act 1972 for miscellaneous payments, until the Town Clerk achieves the CiLCA qualification. Grants made under this Power are properly recorded in the Full Council Minutes, and we can confirm that payments made are within the Statutory level;
- Confirmed that the Exercise of Public Rights with regard to the 2023-24 Accounts was properly undertaken in accordance with the Accounts and Audit Regulations;
- Reviewed the Council's compliance with the Transparency Code 2015, and note a good level of compliance, and;
- Noted that the External Audit review of the 2023-24 AGAR was concluded in September 2024, with no substantial observations made.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observations about updating the SO's and FR's in accordance with the latest Model Forms.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and,
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have undertaken a sample test of high-value transactions for the financial year, with no issues arising. We have discussed with the Town Clerk the desirability of introducing a level of internal check between staff of invoices for payment.

We have discussed with the Town Clerk the need, in accordance with FR5.2, to attach a full list of authorised payments to the relevant Full Council Minutes, to match the minuted approved total. This could be achieved by providing a clear link to data held elsewhere on the Council's website.

We have reconciled both the outstanding VAT balance in the 2023-24 Accounts, and VAT reclaims made during 2024-25, with no issues arising. We have, however, noted a difference between the Quarter 4 reclaim and the Trial Balance which, again, we have also referred to the Town Clerk for clarification and amendment by DCK. However, we do not believe this to be material to the accounts as presented.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about attaching a list of all approved payments to the Council Minutes to comply with FR5.2, and requiring DCK to investigate and correct the VAT balance at 31 March 2025.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition.

We note from the Council's Minutes that consideration of the Council's Risk Register was concluded in October 2024, which meets the requirement of FR17.1 for a minimum annual review.

We have examined the Council's insurance policy with Hiscox wef. 1 June 2024, as approved by the Leadership Committee. We note that Employer's Liability and Public Liability cover remain in place at £10 Million each, Officials Liability at £500k, and other covers including property (including the new Civic Centre), all of which we consider appropriate to the Council's current requirements.

We note that regular safety inspections of the Council's playparks continue to be undertaken by an external contractor, being reported to the Community Services Committee.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Budgetary Control and Reserves

We note that, at its meeting in January 2025 the Council, following review by the Leadership Committee, approved a 2025-26 Precept of £577,510.

We note the DCK report identifies Earmarked Reserves totalling £1,354,184 as at 31 March 2025.

We have agreed the Council's cash balance as at 31 March 2025 as £2,048,376.67. After deducting the Earmarked Reserves this leaves a General Reserve of £694,193. This represents 120.2% of the Precept against a Best Practice level of 50% (6 months). The Town Clerk has informed us that other building projects are under consideration to reduce the level of excess funds. However, we believe that the Council should maintain a continuous overview of its Reserves, and its overall budgetary position.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our concern about the level of the Council's General Reserve.

Review of Income

The Council receives income by way of the annual precept, bank and investment interest, together with Cemetery fees, Civic Centre hire fees, local events and reclaimed VAT. Our aim here is to ensure the effectiveness of controls over income due to the Council ensuring that all such income is identified, fees due are charged appropriately and recovered / banked within a reasonable time period.

We have undertaken a sample test of high-value transactions for the financial year to date, with no issues arising. We have reviewed the systems for Civic Centre hires and Cemetery fees, with no issues arising.

We note that the Community Services Committee reviewed and increased Cemetery charges in February 2025. We understand that Civic Centre hire charges are still subject to review once the pattern of hires becomes clear. These reviews will meet the requirement of FR9.3.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account. Therefore, there are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Payroll

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenues and Customs (HMRC) legislation as regards the deductions and payment over of income tax and NI contributions. To meet this objective we have: -

- Noted that the Council has outsourced preparation of the payroll to its contract accountants (DCK), who produce monthly payslips and other relevant summary payroll documentation;
- Checked and verified the accuracy of PAYE and NI deductions / contributions for September 2024 and March 2025, as recorded on the payslips, with no issues arising.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Investments and Loans

We note that the Council reviewed its Investment Strategy at its September 2023 meeting, although we can see no evidence of a subsequent review during 2024-25.

As at 31 March 2025, we have confirmed balances (other than those retained with Lloyds Bank) of £900,000 with the CCLA Deposit Fund, and £800,000 with Close Brothers which is due for redemption in November 2025.

We believe that good use is being made of the Lloyds Community Instant Access Deposit account to optimise interest earnings, leaving only a reasonable working balance in the Current account.

We have confirmed the outstanding balance on the PWLB loan with regard to the new Civic Centre to supporting external records, with no issues arising.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Fixed Asset Registers

We note that, now that the Civic Centre is substantially complete, the year-end valuation of assets is far more stable, allowing for purchases and disposals during the year only.

Having no other corroborative information, we accept the figure provided by DCK in their 2024-25 working papers.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Mayor's Charity Account

We expressed considerable concern over the continuation of this account in our 2024-25 interim report, recommending that it be discontinued. We are pleased to note that our recommendation to this effect was accepted by the Leadership Committee in October 2024, and closure is being pursued with Lloyds Bank.

We will check the closure of this account during our next review. We have no further observations to make in this area.

Statement of Account and AGAR

The AGAR incorporates the Council's Annual Accounts, which are subject to external audit scrutiny and verification.

We have undertaken sufficient system checks to identify whether the Council should give any negative assurances in Section 1 (Governance Statement) of the 2024-25 AGAR, and are happy to report no concerns in this area.

We have checked and confirmed the work of DCK in producing figures for Section 2 (Accounting Statement) of the 2024-25 AGAR, apart from two errors which, while requiring amendment in the Omega accounting system, are not material enough to affect the year-end accounts as reported.

Conclusions

We have concluded our AGAR Internal Audit report, assigning supportable assurances in all areas.

Rec. No.	Recommendation	Response
No recommendations made		
