

Public Sector Audit

Brigg Town Council

Internal Audit Report for the year ended 31 March 2025

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Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31 March 2025. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

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Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p>Findings</p> <p>The cash book is maintained on a computerised system designed by Rialtas Business Solutions (RBS) for Town and Parish Councils. It has been well maintained and has been balanced to the 31st March 2025.</p> <p>It is sufficiently well analysed to provide all the information required for the completion of the Annual Governance and Accountability Return (AGAR).</p> <p>The accounting system ensures that it is arithmetically correct and monthly bank reconciliation confirms that the cash book and bank are in agreement. Monthly reconciliations are presented to each council meeting and signed as authorised by the Chair.</p> <p>Records are maintained to provide an audit trail from original receipts/invoices and remittance advices to the cash book and bank.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p>Findings</p> <p>The council re-approved Standing Orders and NALC's revised Financial Regulations at the Annual Town Council Meeting held on the 28th May 2024.</p> <p>The Clerk maintains a document that identifies key tasks which need to be undertaken on a daily, weekly, monthly, quarterly and annual basis. The document provides useful information in respect of the routine financial processes undertaken by the council in the event of unexpected staff absences. It was also reviewed and approved at the council meeting held on the 28th May 2024.</p>

		The council also maintains an Internal Audit control document which was also reviewed and re-approved at the council meeting held on the 28th May 2024.
3	<p>Are payment controls effective and VAT properly accounted for?</p> <p>Has the council recorded s137 expenditure separately and is it within the statutory limit?</p>	<p><u>Adequate payment controls</u></p> <p>Findings</p> <p>I have tested a large sample of payments from April 2024 to March 2025.</p> <p>I have reviewed for completeness, accuracy, correct year of account, authorisation by two Council Members, reporting to council and classification within the council's accounts.</p> <p>I have reviewed expenditure to ensure that quotations have been sought for contracts between £3,000 and £30,000 in accordance with the council's Financial Regulations.</p> <ul style="list-style-type: none"> ➤ All current contracts are logged onto a contracts control document which identifies the duration of contracts and the minute references for amendments/extensions to original contracts. All contracts requiring reletting for 24/25 have been appropriately tendered and relet in accordance with Financial Regulations. <p>I have tested and confirmed that VAT has been identified and correctly recorded in the accounting records for inclusion in the council's VAT reclaims from HMRC.</p> <p>The council formally re-confirmed its eligibility for the use of The General Power of Competence at the Council Meeting held on the 28th May 2024.</p> <p>The council also correctly maintains a cost code in the accounting system in respect of s.137 expenditure which cannot be charged to any other legislative power.</p>

		<p>➤ During the year £300.00, for a donation given to the Royal British Legion for wreaths, has been coded to s.137. The expenditure is appropriate for this statutory power and is well within the annual statutory limit.</p> <p>One cheque has been issued during the year. The stub has been correctly initialled by both signatories to signify the agreement of the stub with the details on the cheque and the documentary evidence seen in support of the cheque at the time of signature.</p> <p>Invoices paid online via the BACS system and by Direct Debit payments were supported by two authorising signatures on each invoice. A schedule of monthly payments - including BACS, Direct Debit and any cheques, is also included in the council's minutes and approved by council Members.</p>
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are financial controls documented and regularly reviewed?</p>	<p><u>Assessment of significant risks</u></p> <p>Findings</p> <p>A summary document of all council Risk Assessments and key policies, which identifies when they were last reviewed and approved, is maintained to ensure that all Risk Assessments and Policies are re-assessed and formally approved by council annually.</p> <p>The council's General Risk Assessment was reviewed and approved on the 25th February 2025. Specific Risk Assessments are maintained; these include an Employee Work Based Risk Assessment, volunteers/litter picking, Health & Safety policy, Emergency Plan, Environment Policy and a Data Protection Policy. All Risk Assessments have been reviewed and approved by council during the previous 12 months and are scheduled to be re-reviewed during the current financial year.</p> <p>I have examined the council's insurance policy, and the indemnity limits are considered to be adequate.</p> <p>I have also reviewed the security of the council's electronic data. The council's RBS system is stored on cloud and the council's other electronic records are maintained on cloud using "Dropbox" and hence are updated and saved automatically. The council's computers are password protected.</p>

5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>A budget was prepared for 2024/25 and was approved by Full Council on 23rd January 2024. A Precept of £124,493.47 was agreed and it was confirmed that there is no Precept Grant available from NLC for 2024/25.</p> <p>Budget monitoring reports, which compare actual income and expenditure against the council's original budget, are automatically produced by the council's RBS accounting system; this information is provided by the Clerk to each council meeting for review and approval. The council's minutes record the receipt and noting of the reports up to 20th March 2025.</p> <ul style="list-style-type: none"> ➤ The monitoring reports are reviewed by council Members and discussions take place if any queries arise or if any income or expenditure codes show significant variations from original budget. <p>The council's total balances as at the 31st March 2025 totalled £20,090. As the council does not hold earmarked reserves for future projects, the whole of the year-end balance represents a general working balance. The balance, which is 15% of the council's current year's Precept requirement, is considered to be extremely low for a council the size of Brigg Town Council.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● When setting future years' Precepts the council should be mindful of the Government's guidance to Local Council (sections 5.33 to 5.37 of the 2024 Governance and Accountability Guide) regarding the minimum level of general balances.
6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p>	<p><u>Adequate income controls</u></p> <p>Findings</p> <p>The council's Precept for 2024/25 totals £124,493.47, which agrees to the two instalments of £62,246.74 and £62,264.73 received on 26/04/24 and on 26/07/24 respectively.</p>

	<p>Were security controls over cash and cash equivalents effective?</p>	<p>The council also received income in respect of HMRC VAT reclaims, highway verges and public rights of way grass-cutting SLA with NLC, NLC and a Tesco Groundworks grants for D-Day, a Brigg In Bloom grant from NLC, advertising in the Brigg Times, a donation towards the replacement of the defibrillator, miscellaneous and bank interest. I have reviewed documentation in support of all income received and agreed it to the accounting system.</p> <p>With the exception of two minor overpayments and two underpayments during the year, I have checked and agreed allotment income received by the council to the allotment register and approved Scale of Charges.</p> <ul style="list-style-type: none"> ➤ Following the recommendation in the Interim Audit Report in respect of incorrect payments, the council agreed on the 25th February 2025 to adjust any under and overpayments by adjusting the respective invoices the following year. These adjustments will be reviewed at the time of the 2025/26 Interim Audit. <p>The scale of charges for advertising in the Brigg Times was agreed at the council meeting held on the 28th November 2023 and I have agreed all invoices raised and income received in respect of these charges. Charges from January 2025 were agreed at the meeting held on the 24th September 2024 and income received in respect of the 4th Edition has also been agreed to these charges.</p>
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><u>Appropriate petty cash controls</u></p> <p>Findings</p> <p>The Town Council's petty cash is an imprest system with a float of £30.</p> <p>The petty cash account is balanced monthly within the accounting system. The petty cash has not, however, been used during the current financial year with a remaining cash balance of £20.53.</p> <p>If petty cash payments do occur, they are reported to council as part of the monthly expenditure analysis and the respective vouchers are provided to two council Members to authorise, together with all other monthly payments.</p>

8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p><u>Adequate payroll controls</u></p> <p>Findings</p> <p>The council's Clerk received a formal contract of employment which was signed by the Clerk and the council and contains clear terms and conditions of employment.</p> <p>I have agreed all gross salary payments from April 2024 to March 2025 to the original contract of employment, including any subsequent changes approved by the council and the 2024/25 NJC pay award including back pay from 1st April 2024.</p> <p>The External Auditor requires me to check that the correct employers' pension percentage contribution has been applied. I have checked the East Riding Pension Fund portal for Brigg Town Council which confirms that the 20.4% being applied by the council for 2024/25 is correct.</p> <p>The Personnel Committee has previously agreed to the maintenance of a record of any additional hours the Clerk (and any other staff the council may employ) may work each month. This provides an audit trail for the verification of any time to be taken off in lieu of extra hours worked in accordance with the Clerk's current contract of employment or any overtime which could be paid to any other staff the council may employ in the future.</p> <p>The Clerk's salary has been subject to PAYE and NI regulations via the payroll prepared by the council's external payroll provider. For the sample checked, PAYE and NI deductions have been correctly paid to HMRC.</p>
9	<p>Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?</p>	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council's Asset Register is maintained in a spread sheet format, and I have confirmed that the formulae are accurate to provide the correct valuation for box 9 on the AGAR.</p> <p>I have reviewed the expenditure records for April 2024 to March 2025 and confirm that asset purchases identified at the audit have been added to the register and correctly valued at cost price excluding VAT.</p>

		<p>The council does not hold any investments.</p> <p>The total value of assets on the register as at 31st March 2025 is correctly stated as £219,358 for the purpose of completion of the AGAR.</p>
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><u>Adequate bank reconciliations</u></p> <p>Findings</p> <p>The council's accounting system automatically produces bank reconciliations each month for the Town Council's Current Account, two Reserve Accounts and the internal Petty Cash Account.</p> <p>The reconciliations are balanced to the bank statements and petty cash record each month.</p> <ul style="list-style-type: none"> ➤ In accordance with best practice and as a key element of sound financial control, the Chair, when authorising the monthly bank reconciliations, also signs against the respective month-end bank balances on the bank statements to indicate that he has checked that both are in agreement. <p>A review of the reconciliations confirms that there are no unusual or balancing entries and I have agreed all month-end bank reconciliations to the date of the audit to the respective month-end bank statements.</p> <p>The Clerk also administers two separate bank accounts: one in respect of the Mayor's chosen Charity(s) and the other for the annual Civic Dinner. Correctly, neither of these accounts are included in the council's accounting system. I have reviewed the spreadsheets for the Mayor's Charity Account and the Civic Dinner and agreed them to the respective bank statements.</p>
11	<p>Were Accounting statements prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an</p>	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings</p> <p>The year-end statements have been prepared on the correct accounting basis (Income and Expenditure) and, therefore, debtors and creditors have been included.</p>

	adequate audit trail from underlying records and where appropriate, were debtors and creditors properly recorded? Has the previous Internal Audit Report been submitted to council and actioned as necessary?	The statements agree with the cashbook and the Annual Return produced by RBS. There is also an audit trail from the underlying financial records to the year-end statements. The Interim Internal Audit Report in respect of 2024/25 was presented to, and approved at the Town Council meeting held on the 26th November 2024. The minutes record the receipt and approval of the Report.
12	If the council certified itself as exempt from an External Audit Limited Assurance Review last year, has it met the exemption criteria and correctly declared itself exempt?	<u>Exemption Certificate</u> Findings The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.
13	Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?	<u>Exercise of Public Rights</u> Findings I have confirmed by a review of the council's website that, during the summer of 2024, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations.
14	Did the council comply with the publication requirements for the previous year's AGAR?	<u>Publication Requirements</u> Findings I have reviewed the council's website and confirmed that the Town Council published the correct documents as required by the Accounts and Audit Regulations 2015.
15	Has the council met its responsibilities as a Trustee?	<u>Trustee responsibilities</u> Findings I have seen no evidence that the council has responsibility for Trust Funds and the Town Clerk has confirmed that this is the case.

Executive Summary

The accounts and governance arrangements of the council have continued to be maintained to a very high standard and the assistance of the Clerk of the council in the completion of this audit was much appreciated.

The internal financial control environment within the council is excellent and the consideration and adoption of the above recommendation will serve to further enhance and strengthen the systems, procedures and governance arrangements already in place.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2024.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

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3rd April 2025

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