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18 December 2024

**The Town Clerk**

**New Alresford Town Council**

**Alresford Recreation Centre,  
The Avenue,  
New Alresford  
Hants  
SO24 9EP**

Dear Richard

**Interim Internal Audit Report**

**New Alresford Town Council – April 2024 to November 2024**

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.

We confirm that we are independent of the Council.

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 2024-2025 Annual Governance and Accountability Return.

We have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2024
- The Accounts and Audit (England) Regulations 2015 (as amended).

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**Background**

New Alresford Town Council has income and expenditure of between £300,000 and £400,000 and is subject to review by the External Auditor, BDO. The Town Council received one “other matter” in 2023-2024 from the External Auditor, which states:

“The Council should consider on an annual basis whether the authority has any other obligations arising from the events that took place before 31 March that mean it will not be able to avoid making a payment at some time after 31 March and after deciding on a level of materiality for adjustments update any provision required with the latest information available”

**(Audit Note: These matters have now been resolved before the submission of the Annual Governance and Accountability Return for 2024-2025).**

The Council is a sole managing trustee.

It is good practice for the Council to comply with the Transparency Code Regulation 2015.

The Council’s accounting records are maintained on RBS Omega Software.

The first interim internal audit visit was agreed with the Town Clerk to be carried out on Wednesday 17 December 2024. A close of audit meeting was held on the same day to complete the internal audit review.

The Town Council continue to use the RBS Omega Software package. It remains fit for purpose for the Town Council to maintain their financial management information and provides detailed financial reports to aid their decision making. The Deputy Town Clerk provided back-up information from RBS Omega Software in advance of the visit for the period April 2024 to November 2024 to support 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 2023-2024 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.

We are pleased that the financial health of Town Council is being checked as the Town Clerk has considered both its current reserves and cash holding position whilst preparing the draft budget for 2025-2026. The draft budget will be considered at the full Town Council meeting on Wednesday 17 December 2024.

This includes careful consideration that the Chancellor has increased the Employers NI rate from 13.8% to 15% from April 2025. The Council should note this includes a reduction in the per employer threshold at which employers pay national insurance to £5000 so this will have an impact of budget setting and potential Precept calculations. A reflection of the need to consider the reserves position of the Town Council where it is likely that further saving can be made one the outcomes of Council decisions are known.

We further accept it is unlikely that efficiency saving can be applied to offset increased costs in 2025-2026 but the Town Council should review its reserves position and check where projects have been commissioned and has sufficient funds to complete the work. . . . .

We have noted that the Town Council have opened a new Unity Trust Bank instant Access account in October 2024. A sum of £80000 have been deposited into this account to protect monies held for future projects. The Town Clerk is also co-ordinating the necessary mandates from Councillors to also action the decision to open a new 35 day saving account with Redwood Bank. It is intended this account will be available for use by the end of the financial year 2024-2025.

We have further noted that Town Council are to launch a new website in January 2025, and we have supplied to the Deputy Town Clerk an article first published in the Clerk Magazine in September 2024 that requires all websites to comply and met the WCAG 2.2 AA standard for website accessibility. The Deputy Town Clerk will ensure that the website provider is informed to ensure that the new website meets these new standards.

### **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 visit.

During this visit we test checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash.
- Investments
- Petty Cash
- Income and Expenditure
- VAT claims
- Insurance
- Budgets and Reserves
- Payroll and Contracts of Employment
- 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 maintains its financial management records on RBS Omega Software
- The Council staff are aware of the requirements of GDPR.
- The Council is registered with the ICO.
- Petty Cash is controlled appropriately. Signed vouchers are held in the petty cash tin.
- Details of total payments authorised at meetings are recorded in the Minutes.
- All records were up to date and easy to follow.
- Income records held by the Deputy Clerk are appropriate and recorded correctly.
- Insurance is appropriate for the size of the Town Council
- All expenditure items could be traced and are recorded correctly in the financial ledger.
- Bank reconciliations are carried out promptly each month and were accurate.

- The Council takes an active scrutiny role.
- VAT claims are made regularly.
- The Council is compliant with the requirements of the Transparency Code Regulation 2015

#### **Recommendations**

- No formal recommendations have been made from this interim internal audit visit.

#### **Other matters to be brought to the Council's attention**

- We are pleased to report that the Town Clerk continues to update the Asset Register to record the value of new purchases. This will ensure that the totals reflected in the End of Year figures for Box 9 on Section 2 Accounting Statements are accurate for reporting to the External Auditor. The Asset Register should be reviewed and approved by the full Town Council before the 31 March 2025.
- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2024 and will be able to tick "Yes" to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2024-2025 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 2024-2025.
- We note that the risk assessment for 2024-2025 will need to be approved by the full by 31 March 2025. Once approved we are satisfied that the Council can tick "Yes" to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2024-2025 to comply with the requirements for the External Auditor. We will then tick "Yes" to Control Objective C on the Annual Internal Audit Report 2024-2025.
- The Town Council will need to ensure its website provider is aware for the changes to adhere to the requirements set out in the website accessibility rules. The Town Council website should now meet the new WCAG 2.2 AA standard for website accessibility. ***(Audit Note: Details of the requirements have been sent to the Deputy Town Clerk who will confirm this with the website provider).***
- The External Auditor has indicated as part of their intermediate audit review for 2023-2024 that it is best practice that an Authority's should review and approve the following in each financial year:
  - the appointment or continuing appointment of the Internal Auditor.
  - that the Internal Auditor is independent of the Council.
  - the effectiveness of the Internal Audit.

***(Audit Note: We recommend that to continue to meet these best practice requirements the Town Council should consider approving and recording these details in the Minutes of the full Town Council in each financial year).***

#### **We also remind the Town Council that:**

- using the Income and Expenditure method of recording any CiL or S106 monies not used in the financial year should be recorded in Earmarked Reserves.
- the Insurance renewal details should be reviewed and recorded in your minutes of the Council or Committee in each financial year, even if you are locked in a three-year agreement.

**Conclusion**

Based on the tests we have carried out at this interim internal audit review the internal control procedures are adequate to meet the needs of New Alresford Town Council except where we have made recommendations in this report.

**Next visit**

The next internal audit visit has been arranged for **Thursday 22 May 2025**.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash.
- Investments
- Income and Expenditure
- Contracts of Employment
- VAT claims
- Asset Register
- Budgets 2025/2026
- 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