21/110·2.

IAC

Janet Bailey
Town Clerk
Arlesey Town Council
Town Council Office
Arlesey Community Centre
High Street
Arlesey
Bedfordshire
SG15 6SN

1st December 2021

Dear Janet,

Report on audit visit carried out on 29 November 2021

An audit visit was carried out by Kevin Rose on Monday 29 November 2021 as part of the annual internal audit coverage of the Council. The audit was undertaken using our standard IAC Audit Checklist, used for all Local Councils, which has 186 items. A total of 135 items were tested during this audit (including items that were examined and tested as part of the pre-audit process). The balance of 51 items will be checked during the Year End audit visit.

Areas subject to audit were;

Accounting system and records, Payment system, Risk and insurance, Budget and precept setting and monitoring, Billing, income collection and VAT, Bank reconciliations, Accounting Statements, Exercise of Public Rights and Publication of the Annual Governance and Accountability Return.

Of the 135 items tested a Positive response was obtained in respect of 81 tests. 5 Negative responses were returned, of which 0 were classed as Non Compliances, 0 as High, 4 as Medium, 0 as Low and 1 as Advisory. (49 items on the standard checklist were not applicable to your Council).

4 Observations and associated Recommendations, in respect of Payment system, Risk and insurance, Billing, income collection and VAT, were raised as set out in detail in the attached Internal Audit Observation report. Our findings were discussed with the Clerk during the audit visit.

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A detailed breakdown of our audit testing and Responses is set out in our Internal Audit Summary and I would encourage Councillors to review this in order that they may have greater understanding of the scope of the audit and the areas tested.

I would like to express my thanks for the assistance provided to us during our audit.

Yours sincerely,

K. Rose

Kevin Rose ACMA
Director

21/110.2

Arlesey Town Council

Financial Year 2021-22

IAC Audit and Consultancy Ltd

Interim Internal Audit Observations

Visit date: 29- November -2021

B ***This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.***

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Have Grants awarded been appropriately considered by Council and approved?	*The Council makes a grant to St Peters Church for the carrying out of grass cutting (this is undertaken by the Councils nominated contractor and paid for by the Council). The Council does not formally review and approve this grant in the same manner as set out in its Financial Assistance Policy.*	Council to formally review the grants made and confirm that they were in accordance with Council approvals. In future Council to ensure that all grants awarded are formally approved and that this approval is recorded in Minutes. If grants are to be made on a multi year basis then these could be included as items within the Council annual budget approval.	Medium	Addressed during F&CP Committee 7/12/21

C ***This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.***

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The Council, as a body, has undertaken a formal review of risk (this cannot be delegated to sub-committee) - Interim Audit	*As at the date of the Interim Audit the Council had not formally Minuted a review of Risk. The last formal Minuted review of Risk was in February 2021*	The review of Risk is a key requirement of both the Annual Governance Statement and the Annual Internal Audit Report. The Council MUST ensure that it Minutes a formal review of Risk prior to the end of the financial year.	Advisory	This Review is conducted in February each year - the advisory is standard to councils
2	The value of the Councils Fidelity Insurance covers the value of the Councils cash & bank holdings	*The Fidelity limit set in insurance policy is £500,000. As at the date of the Interim Audit visit the cash book balance was £553,137.*	The Council to review the level of its Fidelity insurance and consider whether it is adequate to cover the value of cash and bank balances held.	Medium	Covered on Agenda ATC 14/12/21

E ***Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.***

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Have fees and charges been subject to review during the financial year?	*Fees and charges have not been subject to review during the financial year. The current practices is that they are reviewed in March each year, as they were in March 2021.*	The Council to consider amending its current practices so that the Schedule of Fees and Charges is subject to annual review as part of the budget setting process.	Medium	Addressed and reviewed as part of budget process F&CP 7/12/2021

Arlesey Town Council

Interim Audit Date: 29/11/2021

Year End Audit Date

IAC

Internal Audit Detailed Analysis 2021-22

	Internal Control Objective	Negative Analysis					Responses				
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	Recommendations
A	*Appropriate accounting records have been properly kept throughout the financial year.*	0	0	0	0	0	5	0	0	0	0
	Accounting system	0	0	0	0	0	2	0	0	0	0
	Record keeping	0	0	0	0	0	2	0	0	0	0
	Minutes	0	0	0	0	0	1	0	0	0	0
	Other	0	0	0	0	0	0	0	0		0
B	*This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*	0	0	2	0	0	27	2	7	2	1
	Financial Regulations & Standing Orders	0	0	0	0	0	9	0	0	1	0
	RFO	0	0	1	0	0	3	1	0	0	0
	Powers	0	0	0	0	0	0	0	2	0	0
	Payment Controls	0	0	0	0	0	7	0	0	1	0
	Expenditure Controls	0	0	0	0	0	3	0	0	0	0
	VAT Compliance	0	0	0	0	0	2	0	0	0	0
	Credit/Debit Cards	0	0	0	0	0	0	0	3	0	0
	Tenders	0	0	0	0	0	1	0	2	0	0
	Grants	0	0	1	0	0	2	1	0	0	1
	Other	0	0	0	0	0	0	0	0		0
C	*This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*	0	0	1	0	1	3	2	0	6	2
	Risk	0	0	0	0	1	2	1	0	1	1
	Minutes	0	0	0	0	0	1	0	0	1	0
	Insurance	0	0	0	0	0	0	0	0	2	0
	Internal Controls	0	0	0	0	0	0	0	0	2	0
	Other	0	0	1	0	0	0	1	0		1
D	*The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*	0	0	0	0	0	11	0	1	3	0
	Budget & Precept setting	0	0	0	0	0	6	0	0	0	0
	Auditors Reports	0	0	0	0	0	2	0	1	0	0
	Accounting Statements	0	0	0	0	0	1	0	0	1	0
	Budget monitoring	0	0	0	0	0	1	0	0	0	0
	Reserves	0	0	0	0	0	1	0	0	2	0
	Other	0	0	0	0	0	0	0	0		0
E	*Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*	0	0	1	0	0	14	1	7	0	1
	Investments	0	0	0	0	0	3	0	1	0	0
	Fees & Charges	0	0	1	0	0	2	1	0	0	1
	Leases	0	0	0	0	0	0	0	2	0	0
	Debt control	0	0	0	0	0	1	0	0	0	0

	Billing & Collection	0	0	0	0	0	3	0	1	0	0
	Precept	0	0	0	0	0	0	0	0	0	0
	Cash income	0	0	0	0	0	3	0	0	0	0
	VAT Compliance	0	0	0	0	0	2	0	3	0	0
	Other	0	0	0	0	0	0	0	0		0
F	*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*	0	0	0	0	0	0	0	9	0	0
	Accounting	0	0	0	0	0	0	0	3	0	0
	Payment controls	0	0	0	0	0	0	0	3	0	0
	Reimbursement	0	0	0	0	0	0	0	2	0	0
	Reporting	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0		0
G	*Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.*	0	0	0	0	0	0	0	6	17	0
	Contracts	0	0	0	0	0	0	0	0	3	0
	PAYE	0	0	0	0	0	0	0	0	4	0
	Deductions	0	0	0	0	0	0	0	0	1	0
	Pension	0	0	0	0	0	0	0	0	2	0
	Members Allowances	0	0	0	0	0	0	0	6	0	0
	Accounting	0	0	0	0	0	0	0	0	2	0
	Changes to terms and conditions	0	0	0	0	0	0	0	0	1	0
	Payroll Approval	0	0	0	0	0	0	0	0	2	0
	Overtime	0	0	0	0	0	0	0	0	2	0
	Other	0	0	0	0	0	0	0	0		0
H	*Asset and investments registers were complete and accurate and properly maintained.*	0	0	0	0	0	0	0	0	10	0
	Asset Register	0	0	0	0	0	0	0	0	2	0
	Additions & Disposals	0	0	0	0	0	0	0	0	3	0
	Verification	0	0	0	0	0	0	0	0	1	0
	Accounting	0	0	0	0	0	0	0	0	1	0
	Investments & Loans	0	0	0	0	0	0	0	0	3	0
	Other	0	0	0	0	0	0	0	0		0
I	*Periodic bank account reconciliations were properly carried out during the year.*	0	0	0	0	0	7	0	1	8	0
	Preparation	0	0	0	0	0	3	0	0	1	0
	Review	0	0	0	0	0	3	0	0	2	0
	Cash balances	0	0	0	0	0	1	0	1	2	0
	Accounting	0	0	0	0	0	0	0	0	3	0
	Other	0	0	0	0	0	0	0	0		0
J	*Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.*	0	0	0	0	0	2	0	2	5	0
	Accounting basis	0	0	0	0	0	1	0	0	0	0
	Prior year	0	0	0	0	0	1	0	0	0	0
	Current Year	0	0	0	0	0	0	0	0	1	0
	Creditors	0	0	0	0	0	0	0	0	1	0
	Accounting Statements	0	0	0	0	0	0	0	1	1	0
	Stocks	0	0	0	0	0	0	0	0	1	0

	Debtors	0	0	0	0	0	0	0	0	1	0
	PWLB	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0		0
K	*If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered"*	0	0	0	0	0	0	0	3	0	0
	Council Resolution	0	0	0	0	0	0	0	1	0	0
	Criteria	0	0	0	0	0	0	0	1	0	0
	Publication	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0		0
L	*If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.*	0	0	0	0	0	0	0	7	0	0
	Expenditure publication	0	0	0	0	0	0	0	1	0	0
	AGAR publication	0	0	0	0	0	0	0	3	0	0
	Member responsibilities	0	0	0	0	0	0	0	1	0	0
	Assets publication	0	0	0	0	0	0	0	1	0	0
	Publication of Minutes	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0		0
M	*The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*	0	0	0	0	0	5	0	0	0	0
	Publication	0	0	0	0	0	1	0	0	0	0
	Commencement	0	0	0	0	0	1	0	0	0	0
	Duration	0	0	0	0	0	2	0	0	0	0
	Minutes	0	0	0	0	0	1	0	0	0	0
	Other	0	0	0	0	0	0	0	0		0
N	*The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).*	0	0	0	0	0	7	0	1	0	0
	Publication	0	0	0	0	0	4	0	1	0	0
	Approval	0	0	0	0	0	3	0	0	0	0
	Other	0	0	0	0	0	0	0	0		0
O	*(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee*	0	0	0	0	0	0	0	5	0	0
	Meetings	0	0	0	0	0	0	0	2	0	0
	Accounting	0	0	0	0	0	0	0	2	0	0
	Statutory Returns	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0		0
	Total	0	0	4	0	1	81	5	49	51	4

Arlesey Town Council

Internal Audit Summary 2021-22

Interim Audit Date: 29/11/2021

Year End Audit Date

	Internal Control Objective	Non - Compliance	Negative Analysis: High	Negative Analysis: Medium	Negative Analysis: Low	Negative Analysis: Advisory	Responses: Positive	Responses: Negative	Responses: N/A	Responses: Not Checked	Recommendations
A	*Appropriate accounting records have been properly kept throughout the financial year.*	0	0	0	0	0	5	0	0	0	0
B	*This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*	0	0	2	0	0	27	2	7	2	1
C	*This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*	0	0	1	0	1	3	2	0	6	2
D	*The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*	0	0	0	0	0	11	0	1	3	0
E	*Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*	0	0	1	0	0	14	1	7	0	1
F	*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*	0	0	0	0	0	0	0	9	0	0
G	*Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.*	0	0	0	0	0	0	0	6	17	0
H	*Asset and investments registers were complete and accurate and properly maintained.*	0	0	0	0	0	0	0	0	10	0
I	*Periodic bank account reconciliations were properly carried out during the year.*	0	0	0	0	0	7	0	1	8	0
J	*Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.*	0	0	0	0	0	2	0	2	5	0
K	*If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered"*	0	0	0	0	0	0	0	3	0	0
L	*If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.*	0	0	0	0	0	0	0	7	0	0

	Internal Control Objective	Negative Analysis					Responses				Recommendations
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
M	*The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*	0	0	0	0	0	5	0	0	0	0
N	*The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).*	0	0	0	0	0	7	0	1	0	0
O	*(For local councils only)* *Trust funds (including charitable) – The council met its responsibilities as a trustee*	0	0	0	0	0	0	0	5	0	0
	Total	0	0	4	0	1	81	5	49	51	4