

Audit Report

Filton Town Council

Audit Plan Year: 2021 – 2022 In Year Assurance

Audit Status: Audit Completed

Audit Review Date 7th & 8th March 2022

Report Distribution:

Lesley Reuben – Clerk & RFO to Filton Town Council

1. Objective

The objective of the audit was to provide an independent opinion on the appropriateness of the financial control procedures operated in the Council. Audit Officer – Kerry Woodey examined these procedures.

2. Opinion

The highlighted wording in the table below provides the opinion for this internal audit review and its accompanying description.

High Standard	Systems and processes are excellent providing good assurance. Significant strengths have been identified and are to be commended, any recommendations made will serve to further strengthen existing arrangements.
Reliable Standard	There are very few significant matters arising from the audit, systems of control are good and provide reasonable assurance.
Improvements Required	Existing procedures need to be improved in order to ensure that they are fully reliable. Extensive recommendations have been made but the issues are not of such a significance to represent a major risk to the Council.
Significant Improvements Required	Existing procedures are weak and reasonable assurance could not be provided over a number of areas. Prompt action is necessary to improve the situation and avoid unnecessary risks.
Fundamental Weaknesses Identified	The matters arising from the audit identify that there are fundamental weaknesses which place doubt on the reliability of the procedures reviewed. Urgent action is necessary to improve the current situation and reduce risk exposure.

3. Key Strengths

- There are regular quorate meetings of the Full Council and its Committees.
- There are monthly bank reconciliations undertaken by the Council’s Accountants.
- The Council has recently started using online banking and they have implemented controls in its use including segregation of duties.
- Compliance checks of insurance confirmed that the Council has policies in place.
- All Council employees had their latest employment contract available for review.
- The previous year’s AGAR was available for review and publication was evidenced through the Council’s website.

4. Key Risks

- The Council’s meeting minutes require further detail to be added to show a complete record.
- The budget has not been documented as approved in the Council minutes following a draft budget discussion in November 2020. Earmarked funds have also not been discussed.
- The debt recovery policy has no version control in place on the document.
- Budget reports do not always include information on overspent budget headings.
- Tenancy agreements are not always signed and returned by the plot owner leaving the Council vulnerable in the case of a dispute.
- The petty cash level noted on the reconciliations and financial regulations is not consistent.
- The asset register has not had a full check of all items listed to confirm they are still present.

5. Key Actions

- Additional information should be added to Council meeting minutes, such as confirming the month and year of payments and reconciliations being presented. Further detail is listed in the action plan below.
- Clear documentation within the Council’s meeting minutes of the budget being approved along with discussions regarding earmarked funds.
- Version control should be added to the debt recovery policy to ensure the most up to date version is being used.
- Additional commentary should be provided alongside the budget reports at the finance meetings, particularly where budget headings are, or are nearing, being overspent.
- The Council should ensure that tenancy agreements for their allotments are returned in a timely manner to protect the Council in the event of a dispute.
- Petty cash level should be reviewed, and an amount decided upon, this should then be aligned across the petty cash spreadsheet and financial regulations.
- A full check of the asset register should be undertaken each year, and this should be clearly recorded within the register.

6. Advisory Points

- Notice of Public Rights display location and dates to be recorded within Full Council meeting minutes.
- Consideration should be given to any relevant Council staff who may want or need to undertake any health and safety training if they are completing risk assessments.

All of the matters arising from the audit are detailed in the Action Plan together with suitable recommendations.

7. The Control Environment

Key Control Objectives		Achieved?
A.	Appropriate accounting records have been kept properly throughout the financial year.	Partially
B.	The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	Partially
C.	The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes
D.	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Partially
E.	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Partially
F.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Partially
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.	Yes
H.	Asset and investment registers were complete and accurate and properly maintained.	Partially

I	Periodic bank account reconciliations were properly carried out during the year.	Tested at year end
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.	Tested at year end
K	Councils with turnover of below £25,000. 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. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i> .	Not currently applicable to any SGC clients.
L	Councils with turnover of below £25,000. 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.	Not currently applicable to any SGC clients.
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 <i>(evidenced by the notice published on the website and / or authority approved minutes confirming the dates set)</i> .	Yes
N	The authority has complied with the publication requirements for 2020/21 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	Yes
O	Trust funds (including charitable) - The council met its responsibilities as a trustee.	N/A

8. Auditors & Acknowledgements

Lesley Reuben – Clerk & RFO to Filton Town Council

Carla Westcott – Town Council Support Officer

Audit Managers	Emily Mattock / Justine Poulton
Auditor	Kerry Woodey

Audit Report: Filton Town Council

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer ; Proposed Timescale
Priority: High				
1	<p>Council Meeting Minute Notes</p> <p>The Council's meeting minutes have been reviewed and several points have been raised below as a result.</p> <ul style="list-style-type: none"> • When documenting that bank reconciliations or payments for information have been discussed it is not clear what month or year this is in relation to. • Where queries are raised by Councillors there is no clear follow up to confirm that the action has been addressed in the following meeting. • In a sample of 5 Full Council meeting minutes reviewed it was noted that 2 had not been signed at the following meeting to confirm the meeting minutes were accurate. • Where the Audit Reports are being presented to Councillors it is not noted within the meeting minutes whether it is the Internal or External Audit report. • The word 'noted' is used to confirm sight of budgetary or payment information. This does not confirm Councillors have approved any spend or budgets. 	<p>There is a risk that meeting minutes are not clear and transparent to those who may wish to view them. Minutes do not offer assurance that outstanding actions have been followed up nor that budgets and payments have been approved by Council Members.</p>	<p>Recommendation</p> <p>Council meeting minutes should contain additional information, including the points noted below. This would allow for a clearer picture of what has been discussed and approved as part of the meeting.</p> <ul style="list-style-type: none"> • Bank reconciliations and payments should have the relevant month and year noted. • Follow up action should be documented in the following meeting where queries have been raised. • The meeting minutes should document that the previous minutes have been signed and confirmed as accurate by the Chair. • Clear reference to be made to the audit report being presented, i.e. external or internal. • The word 'approved', instead of 'noted', should be used when confirming that the Council Members have approved any 	<p>Responsible Officer</p> <p>The Clerk</p> <p>Council Members</p> <p>Target Implementation Date</p> <p>31/05/2022</p>

Audit Report: Filton Town Council

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			budget or payment information presented for review.	
2	<p>Budget Approval and Earmarked Funds</p> <p>There is no record of the budget being approved in line with timetable required by South Gloucestershire Council. The minutes evidence that a draft budget has been presented in November 2020, but not formalised or approved alongside the precept in January 2021. Earmarked funds have also not been discussed as these are reviewed as part of the budget approval process.</p>	Council could be unclear on budgets and reserves available.	<p>Recommendation</p> <p>The budget approval should be included within the Full Council Meeting minutes, as well as the review of earmarked funds. Each year confirmation of the budget approval should be minuted. Earmarked funds should be discussed as part of this process.</p>	<p>Responsible Officer</p> <p>The Clerk</p> <p>Full Council</p> <p>Target Implementation Date</p> <p>31/05/2022</p>
Priority: Medium				
3	<p>Debt Recovery Policy & Procedures</p> <p>The copy of the Debt Recovery Policy supplied is not dated and does not have any version control.</p> <p>This was a recommendation at the last audit.</p>	There may be confusion amongst Council staff and uncertainty as to whether they are working to the most recent version.	<p>Recommendation</p> <p>The Debt Policy should be reviewed by Councillors, approved, and dated.</p> <p>To ensure reviews and dates are formally captured going forwards, the Council could draw up a policy review schedule, and a policy header sheet for each of their policies which states:</p> <ul style="list-style-type: none"> - the name of the policy; - the date of review; - approval, and at what level; and 	<p>Responsible Officer</p> <p>The Clerk</p> <p>Full Council</p> <p>Target Implementation Date</p> <p>31/05/2022</p>

Audit Report: Filton Town Council

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer ; Proposed Timescale
			- the date of next review.	
Priority: Low				
4	<p>Budget Reporting at Finance Meetings</p> <p>It has been noted in two separate Finance meeting minutes that the Council has raised queries relating to the income and expenditure report provided in the Finance meetings from July and October 2021. Both times the Town Council's office was asked to go away and address the queries raised.</p>	<p>Budget reports do not highlight or emphasise to management where budgets are becoming overspent or are already overspent.</p> <p>Lack of financial management.</p>	<p>Recommendation</p> <p>An overview of budget headings should be provided alongside the budget reports showing areas which are looking likely to become overspent or are already overspent. The reason for overspend should also be included. Where queries are raised the outcome of the queries should be noted at the next Finance meeting.</p>	<p>Responsible Officer</p> <p>The Clerk</p> <p>Target Implementation Date</p> <p>31/05/2022</p>
5	<p>Allotment Tenancy Agreements</p> <p>1 out of 5 allotment tenancy agreements were not available for review.</p> <p>The tenant has not returned the signed agreement that was issued in December 2021.</p>	<p>There is a risk that the hirer has not agreed to the terms and conditions of hiring the allotment provided by the Parish Council.</p>	<p>Recommendation</p> <p>Tenancy agreements should be signed and returned to the council prior to the commencement of the tenancy. In all cases a signature from the tenant and a Council representative should be present on the tenancy agreement to confirm that the hirer has agreed to the terms and conditions of the booking and the Council has accepted the tenant.</p>	<p>Responsible Officer</p> <p>The Clerk</p> <p>Target Implementation Date</p> <p>31/05/2022</p>

Audit Report: Filton Town Council

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6	<p>Financial Regulations - Petty Cash</p> <p>Petty cash limit is currently running at a £250 balance, but in the Financial Regulations it is recorded as a float of £200.</p> <p>This was a recommendation at the last audit.</p>	<p>Failure to adhere to the Council's own financial regulations.</p>	<p>Recommendation</p> <p>The petty cash limit should be agreed and be consistent across systems and Financial Regulations. All petty cash systems and limits should be listed and updated in the Financial Regulations.</p>	<p>Responsible Officer</p> <p>The Clerk</p> <p>Full Council</p> <p>Target Implementation Date</p> <p>31/05/2022</p>
7	<p>Asset Register</p> <p>The Town Council has an extensive Asset Register, however, there is only record of a partial check of the inventory taking place. Not all information is updated on to the inventory such as purchase/replacement cost of an item or the date it was disposed of.</p> <p>This was a recommendation at the last audit.</p>	<p>The assets may be out of date and incorrectly stated in the council's accounts / records.</p>	<p>Recommendation</p> <p>To complete a full check of the Town Councils assets ensuring that the assets are reviewed at least annually, and this is recorded under the relevant tab. It should also be noted for all items within the register the value of the purchase or replacement cost net of VAT and the date of any items disposed of.</p>	<p>Responsible Officer</p> <p>The Clerk</p> <p>Target Implementation Date</p> <p>31/05/2022</p>
8	<p>Procurement Thresholds</p> <p>The thresholds noted in the standing orders of £189,330 is out of date. The Financial Regulations also notes the incorrect amount of £164,176.</p>	<p>Incorrect thresholds for tendering could be used in error.</p>	<p>Recommendation</p> <p>The standing orders should be updated to reflect the correct and most up to date tendering thresholds and limits. As at 1st January 2022 this has now increased to £213,477.</p>	<p>Responsible Officer</p> <p>The Clerk</p> <p>Target Implementation Date</p> <p>31/05/2022</p>

Audit Report: Filton Town Council

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			<p>Awareness should be maintained of any future updates to thresholds, and these should be updated into the standing orders when required.</p> <p>"https://www.gov.uk/government/publications/procurement-policy-note-0921-thresholds-and-inclusion-of-vat" Procurement Policy Note 10/21 – Thresholds and Inclusion of VAT - GOV.UK (www.gov.uk)</p>	