Audit Report

Filton Town Council

Audit Plan Year: 2024/25 In Year Assurance

Audit Status: Audit Completed

Audit Review Date: 18th-20th March 2025

Report Distribution:

Simon Davies Clerk & RFO to Filton Town Council
Councillor Tom Mewies – Chair of Filton Town Council
Justine Poulton – Head of Internal Audit
Emily Carvell – Assistant Audit Manager

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. Rachel Massey Audit Office 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.

Key Strengths

- Employment contracts were supplied for all new staff members.
- Details of the Notice of Public Rights and publication of the Annual Governance & Accountability Return was noted with the meeting minutes.
- The 2024/25 budget was documented as being presented in November 2023; this was in accordance with the timetable required by South Gloucestershire Council.
- To demonstrate value for money, the Council has recently conducted a tender for The Filton Festival marquee hire.

Key Risks

- Lack of transparency in making awards to staff
- Incorrect accounting for VAT could lead to fines.
- The Council does not have adequate risk management arrangements.
- Reserves are not regularly reviewed for appropriateness.

Key Actions

- The Council should set a clear policy on remuneration in the form of long service and other awards and that this is agreed by the Town Council to support future decision making.

- The incorrect treatment of VAT must be corrected.
- The Town Council should review its Risk Management processes and Risk Assessments regularly.
- The Town Council should review their allocated and Earmarked Reserves regularly and at the time of budget setting.

6. Advisory Points

- It is noted that the Town Clerk is new to role, having been in post since October 2024. Some documents were unable to be located during this year's In Year Assurance Audit, therefore there is a higher number of recommendations than previous years due to this. Documents should be saved centrally to ensure information is not lost if there is a change in Town Clerk.
- Currently the Town Council's payroll is deducted from the NatWest current account in several payments over the month. The Town Clerk is finding this challenging to track all payments made to South Glos Council as this account is used for small payments such as mower fuel. They should enquire about changing the bank details held so that the payments come out of the Unity Current Account.
- Annual accounts for 2024 were not available on the Town Councils website. This is a requirement for the transparency code Box L which is tested further at Year End. Please ensure that all areas required are up to date by June 2025 for the Year End audit.

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.	Yes
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.	No
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.	N/A
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.	Yes

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.	Test at Year End.
K	Councils with turnover of below £25,000. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered").*	Not currently applicable to any SGC clients.
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	Test at Year End.
M	The authority, during the previous year (2023/24) 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)*.	Yes
N	The authority has complied with the publication requirements for 2023/24 AGAR *(see AGAR Page 1 Guidance Notes).*	Yes
O	Trust funds (including charitable) - The council met its responsibilities as a trustee.	N/A

8. Auditors & Acknowledgements

Audit Manager	Emily Carvell
Auditor	Rachel Massey

We are extremely grateful to the following officer for their help during this review:

Simon Davies	Town Clerk & RFO to Filton Town Council

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer; Proposed Timescale
Priority: High				
1	**Improvement in Procedures Needed for Awards to Staff Members** In October 2024, some items were purchased from the Chair of the Council's allowance, the purchases were made using the purchase card in the name of the outgoing Clerk of the Council. The Chair of the Council has confirmed that these purchases were made with his approval from the allowance that is available to be used at his discretion. There is no written guidance to direct the use of this fund. The purchases were made in good faith with the wish to reward a staff member who had shown exceptional service. The outgoing Clerk was awarded items totalling £482.98 to recognise her long service with the Council. The Chair was not aware that the purchases had been made using the card of the individual due to receive the items, therefore resulting in a lack of separation of duties. The Chair was also unaware that VAT had been incorrectly reclaimed on these items and the accounting treatment of the items meant that the sums were drawn from previous year balances of Chair and Mayor allowances. The effect of which meant that the current year's Chair's Allowance is displayed in the accounts as unspent and effectively the items are outside of external audit. The Town Council Support Officer received a £200 voucher as an award for being successful in passing CiLCA examinations. The Chair of the Council	Lack of transparency in making awards to staff Council could be subject to undue criticism for not having clear procedures for this type of expenditure. Incorrect accounting for VAT could lead to fines.	While making awards to staff is at the discretion of the Town Council, the lack of clear policy and procedure in this regard means that a precedent has been set and needs to be carefully managed going forward. Internal Audit would recommend that the Chair of the Council sets a clear policy on remuneration in the form of long service and other awards and that this is agreed by the Town Council to support future decision making. This guidance should include maximum values to be paid, and the length of service required to attract such an award. Awards for other reasons should be specified with a maximum sum available. It is also recommended that the current Clerk and Chair of the Town Council develop some guidance to support the use of the discretionary Chair's fund. Internal audit can provide an example to assist with this. The incorrect treatment of VAT must be corrected, and it is recommended that the awards are retrospectively approved by the Finance and General Purposes committee. The awards should be accounted for from the current year Chair's allowance, for transparency. There is a risk of taxable benefit for the outgoing Clerk and Town Council Support Officer, and they may need to check as to their own position in this regard.	**Responsible Officer** Chair of the Town Council with the Support of the Current Clerk **Target Implementation Date** 10/06/2025

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer; Proposed Timescale
	also approved this award.			
2	**Leaving Event** Testing as part of the internal audit identified that £935.21 was spent from the Town Council funds on an exceptional leaving event for the outgoing Clerk to recognise 44 years' service. This was funded from an "other Staff Costs" budget. The expenditure related to this event was not formally minuted as approved by any of the Committees. While Councillors were aware of the event it was not formally recorded as agreed by members of the Town Council. The event was held in recognition of the work of the outgoing Town Clerk and local volunteers and community groups were invited. VAT has been incorrectly deducted.	Lack of transparency in spending public monies, Town Council could be at risk of criticism. Incorrect accounting for VAT could lead to fines.	It is recommended that any alcohol purchased for the event be funded from private monies and the small amount spent refunded by Councillors to the Town Council. This is approximately £38.96. The treatment of VAT on the receipts for the refreshments and Card Factory purchases should be corrected by the current Clerk. Internal audit would recommend that the event is retrospectively noted as approved by the Town Council in their Finance and General Purposes committee minutes.	**Responsible Officer** Chair of the Town Council with the Support of the Current Clerk **Target Implementation Date** 10/06/2025
3	**Risk Management** Neither a Risk Register nor Risk assessments were available at the time of audit.	The Council does not have adequate risk management arrangements.	The Town Council should review its Risk Management processes and Risk Assessments regularly. A Risk register should be maintained and reviewed annually.	**Responsible Officer** Full Council **Target Implementation Date** 10/06/2025
4	**Earmarked Reserves** The Earmarked Reserves report dated 17/03/2025 totals £1.8M. There was no evidence within meeting minutes that this fund has been reviewed as part of the budget	Reserves are not regularly reviewed for appropriateness.	The Town Council should review their allocated and Earmarked Reserves regularly and at the time of budget setting. This should be documented within the meeting minutes. The general reserve value should be confirmed. NALC guidance is that reserves should be	**Responsible Officer** The Full Council **Target Implementation Date**

<table>
<tr><th>No.</th><th>Matter Arising</th><th>Associated Risk</th><th>Recommendation</th><th>Responsible Officer; Proposed Timescale</th></tr>
<tr><td></td><td>assessment process during 2024/25.
The Town Clerk is unclear of the value of the general reserve pot.</td><td></td><td>between 3 months to one year's worth of Precept, plus working Capital.</td><td>10/06/2025</td></tr>
<tr><td colspan="5">Priority: Medium</td></tr>
<tr><td>5</td><td><u>Meeting Minutes</u>
The Council's meeting minutes have been reviewed, and several points have been raised below as a result.
1. Within the finance meeting minutes, it is noted that during some meetings, financial reports are not available due to the information being held by the accountant.
2. When documenting bank reconciliations, and accounts for payment and expenditure that have been discussed, it is not clear what month or year this is in relation to.
3. January & February 2025 Full Council meeting minutes and minutes for the Full Council- Finance meetings between April 2024 - January 2025 were not available on the website. Internal audit has been unable to verify if November 2024 Full Council meetings minutes have been approved as an accurate record.
4. There is limited evidence of Councillor questioning recorded.</td><td>There is a risk that meeting minutes are not clear and transparent to those who may wish to view them. It does not offer assurance that questions are being asked by Councillor's throughout and challenging as appropriate.</td><td>Further detail should be included in meeting minutes to allow for a clearer picture of what has been discussed and approved as part of the meeting.
1. Financial reports should be presented, commented on and approved by Council members. The accountant could be provided with a diary of planned meetings so that financial reports have been prepared in time for the meetings.
2. The month and year should be noted of the bank reconciliation, and accounts for payment and expenditure that are being approved in the meeting.
3. Meeting minutes should be approved at the following meeting, recorded in the minutes as so, and uploaded to the Town Council Website timely.
4. Questions and challenge from Councillor's should be documented alongside any answers provided. Any actions should also be recorded.</td><td>Responsible Officer
Town Clerk
Target Implementation Date
10/06/2025</td></tr>
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No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer; Proposed Timescale
6	**Financial Regulations** The Town Council has used the NALC template Financial Regulations but has not finished adopting it as their own. The NALC front sheet is still visible and strike through sections of text on pages 14 & 16.	Correct council procedures not followed.	The Financial Regulations should be reviewed to ensure that they are tailored to the Council's operational model. The Town Councils Financial Regulations should then be updated to align with the Standing Orders and reflect the correct and most up to date tendering thresholds and limits. Awareness should be maintained of any future updates to thresholds, and these should be updated in both the Standing Orders and Financial Regulations when required.	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025
7	**Purchasing system** Purchase orders are not currently used for purchases in excess of £250 per the Financial Regulations. No certification stamp is used when invoices are received to evidence authorisation for payment. Instead, a visual check is conducted on invoices when they arrive for their appropriateness and accuracy.	Purchases are not properly recorded therefore the budget position maybe inaccurate.	The purchasing process should be reviewed, and purchase orders should be used when making purchases in excess of £250 as per the Financial Regulations. Each invoice should be checked and marked as certified for payment by the Responsible Finance Officer.	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025
8	**Debit card accounting.** Low value purchases such as fuel for mowers is purchased several times a week from Tesco by the Town Clerk with the debit card. Receipts are held in a drawer which are collected and reconciled at the end of the month by the accountant.	Risk of error or fraud.	All payments made with the council debit card should be recorded within transaction log sheets or a spreadsheet to ensure accurate monthly reconciliations back to the debit card statements. The bank statement should be cross checked against the receipts by another member of staff	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer; Proposed Timescale
	In previous audits, it is noted that a spreadsheet was completed to monitor this spend. This is no longer being completed.		for appropriateness and reconciled by the accountant monthly. An example of a transaction log sheet template has been provided.	
9	**Budget Report - Variance Reporting** Whilst budget reports are provided to the Full Council, no written report on variances is provided alongside. The Clerk advised that a verbal report is provided, however there is no evidence of questioning from Councillors during the meeting around the budget.	There is a risk that variances are not subject to appropriate scrutiny and investigation.	The Clerk should provide a written summary to compliment the budget report that is provided. This should draw attention to significant under and/or overspend variances and explanations as to why this is. Councillors should then review and scrutinise as required.	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025
10	**Asset Register** There is no evidence that a of review of the asset registers has been completed since last year's audit in March 2024. Internal audit performed a comparison of asset register items and values to those listed within the insurance schedule. Items listed on the insurance schedule, such as Civic Regalia, Outdoor Gym Equipment and 13x Tablets are not recorded within the asset Register. The asset register also does not include the insurance value of each asset. Filton Town Council grounds equipment is recorded as a total of £53,096 in the asset register, whereas Plant and Machinery is on the insurance schedule as £262,288. No asset acquisitions or disposals have been recorded.	Assets and investments could be incorrectly stated in the council's accounts.	The Town Council should update its formal asset register routinely to record new assets at historic cost price, net of VAT and removing any disposed of or no longer serviceable assets. The register should identify for each asset the purchase cost and, if practicable, the replacement or insured cost, the latter being updated annually and used to assist in forward planning for asset replacement. Additions and disposal records should allow tracking from the prior year to the current year. It is recommended to display insurance value within the register. A further column could be added to ensure that these costs are aligned with the current insurance schedule to confirm that the Town Council are appropriately insured or "self-insured".	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer; Proposed Timescale
	There is no agreed minimum value for determining between fixed assets to be recorded on the register, and general consumables.		Following the updated NALC guidelines, a minimum value should be set for determining between fixed assets and general consumables, and if the Council has decided to group assets. Both decisions should be reviewed and minuted annually.	
11	**Letting Income** On a sample of lettings reviewed, no invoices are currently raised to collect payments from football clubs. Instead, money is deposited into the account. Income payments from allotments have not been reconciled. There are 3 payments outstanding from 2024 (each £37), and these debts have not been followed up. No aged debtors report was available at the time of audit. Hire agreements and allotment agreements were available, but not consistently signed by a representative of the Town Council or the Hirer. There were also two Income amounts of £60 each received from VASCO DA South Glos on 04/11/24. There are no records confirming what these amounts were for at the time of the audit however they are believed to be another letting. No hire agreement was available to confirm this.	Income not received and aged debts not followed up.	A booking system should be in place. For each hire booking an agreement should be raised and signed by both parties to confirm understanding of the terms and conditions. For each hire booking a consecutively numbered invoice should be raised, ideally from the Rialtas finance system. Public liability insurance to the value of £5m should be obtained annually from each hirer. An aged debtor's report should be produced monthly and any outstanding payments followed up.	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer; Proposed Timescale
Priority: Low				
12	**External Audit Report** It was unclear within the meeting minutes if the External Audit Report was presented to Full Council for their review.	The Full Council maybe unaware of any concerns raised within the Audit Reports.	Following the conclusion of the external audit, the resulting audit report should be presented at the next meeting of the Full Council, this should then be approved and minuted as 'External Audit Report'.	**Responsible Officer** Town Clerk **Target Implementation Date** 30/09/2025
13	**Health and Safety inspections** The last independent Health and Safety inspection was conducted by ROSPA was in March 2024. This year's inspection has been postponed due to re-location of the play equipment.	The Council does not have adequate risk management arrangements.	To ensure that the Town Council appoints a qualified external inspector to review its play areas, open spaces and pitches in 2025.	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025
14	**Imprest Accounting** In the External Audit report 2024, the Auditor noted that Objective F, Petty cash was recorded as N/A but suggested this was incorrect as the Council does hold a Petty Cash account. During the pre-audit questionnaire, the Town Clerk has marked Petty Cash as N/A. On further inspection, there is one account on the Rialtas system named as 'Imprest' which would imply that that it was a Petty Cash account. This is actually the NatWest Current Account which holds the debit card. No cash is withdrawn or used as a traditional petty cash.	Confusion over bank accounts held	The Town Clerk should take advice from their Accountant and Rialtas as to whether they can re-name the account on RBS system to ensure that it matches the name on the bank account, if it is no longer used as Petty Cash / Imprest.	**Responsible Officer** Town Clerk **Target Implementation Date** 10/06/2025

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer; Proposed Timescale
15	**Investment strategy** The Treasury Management policy was last reviewed on 1st March 2024 by the Town Council's Accountant. This is now ready for review. The auditor was unable to locate this document on the Town Council website**.**		Please see guidelines below from the Statutory Guidance of Local Government Investments. *For each financial year, a local authority should prepare at least one Investment Strategy ("the Strategy"). The Strategy should be approved by the full council. The Secretary of State recommends that the Strategy should be presented for approval prior to the start of the financial year.* *The Strategy should be publicly available on a local authority's website.* Guidance_on_local_government_investments.pdf	**Responsible Officer** The Full Council **Target Implementation Date** 10/06/2025