

Warminster Town Council

Internal Audit Report 2024/25 (Final update)

Chris Hackett

***For and on behalf of
Auditing Solutions Ltd***

Background and Scope

The Accounts and Audit Regulations require all Town and Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council has complied with the requirements in terms of independence from its decision-making process appointing Auditing Solutions Ltd to provide the function.

This report details the work undertaken for our 2024/25 review which took place on the 16th January and 2nd June 2025 together with our preparatory work. We wish to thank the Officers for providing all the requested documents to facilitate the completion of our work.

Internal Audit Approach

In completing our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential miss-recording or misrepresentation in the year-end Statement of Accounts and the Annual Governance and Accountability Return (AGAR). The latter is a statutory return provided to the External Auditor.

Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' which forms part of the Council's AGAR and requires that we give independent assurance over specified internal control objectives.

Overall Conclusion

Based on our work, the Council continues to operate reasonable control systems that should help ensure that transactions are recorded accurately in the financial ledger and subsequently, the Statement of Accounts and AGAR. We have signed the Internal Audit Section of the AGAR assigning positive assurance against the control objectives. Our detailed findings are set out in the following sections.

We request this report is presented to Members.

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Detailed report

Accounting Records and Bank Reconciliations

The Council uses the Rialtas accounts software, with external contractors (DCK Beavers Ltd) preparing the accounts from detailed records maintained by the officers. A single combined cashbook for the Current & Instant Access bank accounts, operated at HSBC, remains in place.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. As part of our review we have:

- Checked and agreed the opening Trial Balance in the Rialtas software for 2024/25 to the closing financial records for 2023/2024 to ensure that all balances and reserves have been properly rolled forward;
- Verified that an appropriate cost centre and nominal ledger coding structure remains in place;
- Confirmed the accounting system remained in balance at the date of our two reviews by running a data check to confirm the trial balance agreed to the nominal ledger (the main accounting record);
- Discussed arrangements for backing up the Council's IT systems, Rialtas is backed up monthly by DCK and also to the Councils server;
- Confirmed the External Auditor raised no issues on the 2023/24 accounts requiring our follow-up;
- As a sample, checked and agreed two month's transactions in the cashbook (November 2024 and March 2025) to the bank statements, including the regular "sweep" transfers to maintain the current account balance at a constant £5,000;
- Checked and agreed the software based bank reconciliations as at 31st October and 30th November 2024 and 28th February and 31st March 2025 confirming there were no long standing, un-cleared adjustments or any other abnormal entries arising; and
- Confirmed Member oversight of the accounts and bank reconciliations which is done primarily by the Finance and Audit Committee.

Conclusions

We are pleased to record that no issues arise in this area. Based on our review the Accounts are in balance and reconciled regularly with no anomalous entries in the reconciliations.

We have agreed the inclusion of the bank balances in the year-end Statement of Accounts and AGAR (section 2 line 8).

Review of Corporate Governance

Our objective here is to ensure that the Council has robust corporate governance documentation and processes in place and that, as far as we may reasonably be expected to ascertain (as we do not attend Council or Committee meetings), all meetings are conducted in accordance with the adopted Standing Orders. We note that:

- Full Council adopted the Standing Orders and Financial Regulations at their meeting in May 2024. We note further that the officers brought revised financial regulations for approval by Members in May 2025, taking account of recent advice and model guidance issued by NALC;
- Details of payments are posted monthly onto the Council's website in the Policies and Financial Information section;
- Full Council agreed to renew the General Power of Competence at their meeting in May 2021 which we understand stood until 2025; and
- Following approval of the 2023/24 Accounts the Council advertised their availability for public inspection by publishing the notice of Public Rights.

Further we have completed our examination of the minutes of the Full Council and its extant Committee meetings (except for Planning) as posted on the Website.

Conclusions

No matters have been identified in this area from our work.

Review of Expenditure

Our aim here is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We discussed with officers the controls over the authorization of payments. We consider the controls to be suitable. Payments are reported to the Finance and Audit Committee for approval and all invoices have a coding slip attached to them which is signed by the Clerk and two Councillors. To gain assurance in this area we have tested a sample of payments examining all those individually in excess of £3,500, together with a more random sample of every 40th cash book transaction to the end of March 2025. Our test sample comprised 95 cash book payments plus the monthly payments for non-domestic rates and totaled £619,006 representing 54% of non-payroll costs for the year to 31st March 2025. Payments were supported by suitable documentation.

The Council tendered a contract for the installation of play equipment reporting the results in January 2024, with the installation in 2024/25. We reviewed the report by the Tender Evaluation Team and confirmed suitable bids were received.

We have reviewed the VAT control account on the Rialtas system noting that returns continue to be prepared and submitted quarterly. We have verified the quarterly reclaims for 2024/25 to the underlying control account records checking the funds were recovered, or in the case of quarter four included in year-end debtors. We confirmed the VAT due to be recovered at the 31st March 2024 has also been reclaimed in the 2024/25 financial year.

Conclusions

No issues arise from our work in this area. Based on our sample payments are supported by suitable invoices.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition. We have:

- Noted the Council approved its risk assessment for 2024/25 at its meeting in May 2024. The Council's risk assessment matrix includes a large range of risks including financial ones;
- Reviewed the insurance policy provided by Aviva which ran to November 2025, cover included:
 - Buildings and property insurance;
 - Business interruption insurance;
 - Employer's liability £10m;
 - Public liability £10m; and
 - Internal crime cover of £999,000, subject to an excess of £10,000.

We confirmed the Council renewed its insurance policy in December 2024.

- We note the Council has separate insurance for events; and
- Noted the Council continues to undertake weekly safety inspections of play equipment supplemented by an annual check by RoSPA.

Conclusions

No issues arise in this area of our work. The Council has arrangements for managing risk.

Precept Determination and Budgetary Control

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the annual precept; that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We are pleased to note that Members are provided with regular financial information including budget monitoring reports, details of the balance sheet including earmarked reserves as well as schedules of payments for approval.

The Finance and Audit Committee considered the draft 2025/26 budget at their meeting in November 2024. Members were provided with reports showing proposed income and expenditure by service area and a short narrative report giving key assumptions. Full Council agreed the 2025/26 budget at their meeting in January 2025 and set the precept at at £1,422,450.

At our final visit we reviewed income and expenditure for the full year, 2024/25, comparing to prior years seeking explanations for material variances, noting these related primarily to one off projects.

At the year-end, 31st March 2025, total reserves and balances per the AGAR were £1,802,382. This included a general balance of £444,832 and earmarked amounts of £1,357,550. Earmarked amounts include restricted amounts such as CIL monies. Spending in the year was £1,805,544 or £150,462 a month. The general reserve is some three months spending and is within the normal range of three to eight months normally seen at town and parish councils.

Conclusions

There are no matters arising from our work in this area. The Council has arrangements for managing its budget.

Review of Income

Our objective here is to ensure that robust procedures are in place to ensure that all income due to the Council is identified and invoiced (where applicable) with recovery effected within a reasonable time span. In addition to the precept the Council receives various grants and income from lettings and service provision. We have considered budget reports and tested as follows, specifically we:

- Agreed the 2024/25 precept as recorded in the minutes to the amounts receipted into the Cash Book and to remittance advices from Wiltshire Council and to the listing of precepts published independently by the Government;
- Tested income from the Lettings of Council rooms. We tested two bookings arising in October selecting from the electronic diary, confirming the use was invoiced at the rates published on the Council website and that the income was recorded in the Rialtas Ledger. For one booking an up to date booking agreement could not be located. As it was an on-going user the Officer agreed to send out a copy of the terms and condition and further to check that no other ones were missing;
- Test checked cash sheets for income arising in October in relation to the Pavilion Café, confirming they were signed by officers, that a till roll was attached and checking the income to the bank paying in book, or in the case of card payments to the World Pay reports. Officers have decided to introduce an additional spreadsheet record to make it easier to trace from the cash sheets through to the Rialtas accounts, we reviewed a copy of this at our final visit;
- Tested the receipt of CIL of £36,169.36. received in October 2024 to the remittance advice from Wiltshire Council;
- Reviewed the unpaid invoices report on Rialtas noting there were no material aged debts, although there are some small aged items, including one for £1,011 from January 2022; and
- As noted earlier in this report, we have tested two sample month's receipt transactions from the cashbook to the bank statements with no issues arising.

Conclusions

The Council has systems in place to manage and monitor income. We understand officers and DCK intend to review aged debtors in the current financial year.

Petty Cash Account and Floats

The Internal Audit Report within the AGAR requires that we comment on arrangements for managing petty cash. The Council continues to operate a petty scheme with an Excel control sheet forming the basis of the periodic re-imbursement to the agreed maximum holding level of £250. We have:

- Reviewed the summary petty cash sheets and test checked the payments in October 2024 to the supporting vouchers;
- Noted that petty cash schedules are reported periodically to Members;
- Agreed the physical cash held on the day of our interim visit to the accounting record; and
- Confirmed petty cash and floats are included in the year-end reconciliation.

Conclusion

No issues arise in this area requiring recommendations.

Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HM Revenue and Customs (HMRC) legislation specifically the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme in relation to the employees' contribution bandings.

We note that Wiltshire Council processes the payroll with officers checking and authorizing the amounts paid. We tested transactions in December 2024 as a sample month. Specifically, we have:

- Sample tested for five staff the calculation of PAYE and employees NI contributions;
- Sample checked the calculation of employee pension deductions;
- Agreed net pay per the payroll summary report to the Rialtas Cash Book;
- For one officer checked their pay to their contract of employment;
- Test checked the application of the national pay award; and
- Completed a month-on-month trend analysis of payroll costs to identify any material changes, should they occur.

Conclusions

No issues have arisen from our review of a sample of payroll transactions or our trend analysis.

Asset Register

The Accounts and Audit Regulations 1996 (as amended periodically) require that all Councils establish and maintain inventories/asset registers of buildings, land, plant and equipment, etc, owned by them.

We have confirmed the Council is maintaining its asset register. It shows assets by category, for example land and buildings, vehicles and equipment, infrastructure and community assets etc, recording additions and as appropriate disposals during the year. For management purposes it records also a charge for depreciation showing net book value, although for the AGAR disclosure the cost value is used as required by the regulations. We have reviewed the additions in the year as recorded in the asset register to capital expenditure recorded in the Rialtas Ledger and to our sample testing of payments for material consistency. We have agreed the total balance on the fixed asset register to the AGAR line 9 and to the statement of accounts.

Conclusion

The Council is maintaining an asset register as required by the Regulations.

Investment and Loans

Our objectives here are to ensure that the Council is “investing” surplus funds, be they held temporarily or on a longer-term basis in appropriate banking and investment institutions, that an appropriate investment policy is in place, that the Council is obtaining the best rate of return on any such investments made and that interest earned is brought to account correctly and appropriately in the accounting records. We also aim to ensure that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

The Council has invested funds in the CCLA. At our interim visit we obtained the CCLA statement for 5th December 2024 agreeing the reported balance to the Rialtas Ledger. At our final visit we agreed the year-end balance 31st March 2025 from the CCLA statement to the Statement of Accounts confirming the amount was included in the cash and bank balances in the AGAR at line eight. We test checked transfers in March from the CCLA statement to the main cash book record for consistency.

We note the Council readopted its updated Treasury Management Policy in May 2024.

We also note the existence of a PWLB loan and have agreed the repayment made in September 2024 to the PWLB statement. We further agreed the year-end value reported in line ten of the AGAR and the Statement of Accounts to the balance reported on the Government’s Debt Management Office website.

Conclusions

No issues arise in this area, the loan and investment as reported at the year-end has been agreed to third party documentation.

Statement of Accounts / Annual Governance and Accountability Return (AGAR)

DCK prepare year end accounts. These accounts are not subject to formal audit certification, however, we have reviewed them considering any major variations year on year in reported figures and reviewing the supporting working papers confirming key amounts, as noted earlier in this report, including; cash and bank balances, the precept income, loans and investments and fixed assets. We test checked the disclosures to the Rialtas Ledger and reviewed debtors and creditors and stock taking records.

We understand the Council's stock has taken retirement. The reported stock at the year-end was £5,449, this was calculated by the accountant taking sales and purchases on the Rialtas ledger. We understand the Council will implement stock taking procedures in 2025/26.

The Council's AGAR is subject to external audit review. We have agreed the amounts in the draft Annual Return (AGAR) working paper prepared by DCK to the supporting records.

Conclusions

No further matters arise from this area of our work. We have duly signed off the Internal Audit Report in the year's AGAR providing a copy for the Officer's necessary further action.

We also take this opportunity to remind the Officers of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.