

Public Sector Audit

Broughton Town Council

Internal Audit Report for the year ended 31 March 2025

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Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31 March 2025. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p>Findings</p> <p>The accounting system has been well maintained on a computerised software system (RBS) designed for local councils. It is balanced monthly up to the end of March 2025 as evidenced by bank reconciliations. An account has now been established in RBS for the CCLA Account and monthly bank reconciliations are being produced by the accounting system.</p> <p>The accounting system is sufficiently well analysed to provide all the information required for the completion of the Annual Governance and Accountability Return (AGAR).</p> <p>It is noted that the council has received a donation from the Ex-Service Association and the funds are ringfenced to be used for the annual Remembrance Day wreath.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p>Findings</p> <p>The council's Standing Orders were reviewed and approved at the Annual Town Council meeting held on the 20th May 2024.</p> <p>During April 2024 NALC published revised Financial Regulations and these were adopted with a minor amendment at the council meeting held on the 29th July 2024.</p> <p>At the end of the financial year, both Standing Orders and Financial Regulations reflected the latest NALC Models. During April 2025, however, NALC updated its Model Standing Orders for Local Councils to adopt.</p>

		<p>The Clerk has compiled a document that identifies key tasks which need to be undertaken on a daily, weekly, monthly, quarterly and annual basis. Such a document provides useful information in respect of the routine financial processes undertaken by the council in the event of key staff changes or unexpected staff absences.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● The council should review and adopt NALC's updated 2025 Standing Orders which comply with new procurement legislation and ensure consistency with the latest Model Financial Regulations
3	<p>Are payment controls effective and VAT properly accounted for?</p> <p>Has the council recorded s137 expenditure separately and is it within the statutory limit?</p>	<p><u>Adequate payment controls</u></p> <p>Findings</p> <p>I have tested a sample of payments from April 2024 to March 2025.</p> <p>I have reviewed for completeness, accuracy, correct year of account, authorisation by two council members, reporting to council and classification within the council's accounts. All payments are included in the minutes for authorisation by council and the monthly schedules of payments are authorised by two council members. The minutes record that the Financial Statement to the end of the month is noted. The monthly Financial Statement includes the schedule of payments, bank reconciliations for the bank accounts and the internal petty cash system.</p> <p>I am required to confirm that quotations have been sought for contracts in accordance with the council's Financial Regulations and I have reviewed a file maintained by the Clerk of quotation(s) sought and receive during the current financial year.</p> <p>I have tested and confirmed that VAT has been identified and correctly recorded in the accounting records for inclusion in the VAT reclaim at the year end.</p> <p>The council re-confirmed its eligibility to use the Power of Competence at the Annual Meeting held on the 20th May 2024. A nominal ledger code (4600/170) for general grants paid has been established in the accounting system. The council also correctly maintains a separate accounting code (4610/170) to record any</p>

		<p>expenditure it makes using the powers it has under s.137 of the 1972 Local Government Act. As the council has the General Power of Competence, the only expenditure that it needs to code to s.137 are donations to Charities such as the Remembrance Day wreath. To the date of the audit £281 has been coded to this statutory power. The expenditure is appropriate for this statutory power and well within the annual statutory limit.</p> <p>The Clerk has confirmed that no cheques have been issued during the year.</p>
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are financial controls documented and regularly reviewed?</p>	<p><u>Assessment of significant risks</u></p> <p>Findings</p> <p>The council contracts with Playsafety Ltd, a RoSPA accredited company, to undertake annual inspections of the Scawby Road play area and the skate park. The latest inspection report, from the August 2024 inspection has been received and actioned.</p> <p>Playsafety has also provided inspection checklists for the play parks and the skatepark. These are now being used by the Handymen to carry out weekly inspections of these areas. The Churchyard and Cemetery are also now regularly inspected using detailed inspection sheets drawn up by the Clerk. Any issues identified are recorded on the checklists and the date of completion is also recorded.</p> <p>The Risk Assessment for the allotments was reported to council on the 20th May 2024. Tree inspections have also been undertaken; some remedial work was required and, following the receipt of quotations, the work has been carried out.</p> <p>The Council's Health and Safety Policy was also reviewed and approved at the Annual Town Council meeting held on the 20th May 2024.</p> <p>Following the Clerk's review of the Risk Assessment for the Phil Grundy Centre, checklists have continued to be used for the Centre for fire extinguishers, emergency lighting and the fire alarm. An annual fire safety check is also undertaken.</p>

		<p>➤ The Clerk is aware that two new members of staff still require formal training to satisfy the requirements of their roles. These include First Aid and Play Equipment training, Fire Marshalling, Manual Handling, Working at Heights, COSHH and Health & Safety at Work.</p> <p>I have examined the council's insurance policy and the indemnity limits are considered to be adequate.</p> <p>I have reviewed the security of the council's electronic data. The Clerk has confirmed that all electronic data is stored on cloud when working in the office or at home. Both computers are also password protected.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● The outstanding training requirements for the council's two new members of staff should be undertaken as soon as is possible using the online facilities provided by ERNLLCA.
5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>A detailed budget, which identified the council's income and expenditure cost centres, was prepared for 2024/25 and was approved by Full Council on 29th January 2024. A Precept requirement for 2024/25 of £150,000.00 was agreed.</p> <p>Monthly budget monitoring reports, which compare actual income and expenditure against the council's original budget, are produced automatically by the council's accounting system. These have been included with the Financial Statements provided by the Clerk to each council meeting.</p> <p>The council's balances as at the 31st March 2025 totalled £164,245. This comprised earmarked reserves of £45,000 for the cemetery extension, £50,215 remaining for the Phil Grundy Sports and Community Centre building project, £35,000 for the Cemetery extension and £14,735 remaining of the Ex-Servicemen's ringfenced reserve for the annual purchase of the Remembrance Day wreath. The remainder represents a general working balance of £19,295. The general balance represents 13% of the council's current Precept requirement and is considered to be very low for a council the size of Broughton Town Council.</p>

		Recommendation <ul style="list-style-type: none"> When setting future years' Precepts the council should be mindful of the Government's guidance to Local Councils (sections 5.33 to 5.37 of the 2024 Governance and Accountability Guide) regarding the minimum level of general balances.
6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p>	<p><u>Adequate income controls</u></p> <p>Findings</p> <p>All income tested has been reviewed to ensure that:</p> <ul style="list-style-type: none"> ➤ all income due to the council has been received, ➤ income received is in accordance with approved charges, ➤ income is accurately accounted for and correctly coded in the council's accounting system, ➤ income is banked intact, without undue delay. <p>The council's Precept and NLC Grant for 2024/25 is £150,000 and £2,476.00 respectively, which agrees to the two instalments of Precept of £75,000.00 received on 28/04/24 and 26/07/24 and the NLC Council Tax grant of £2,476 also received on 28/04/24.</p> <p>I have checked and agreed a sample of allotment income received by the council to the Allotment Register and Scale of Charges that was agreed by the Finance and Audit Committee on the 20th February 2023 and re-approved with no change at the Annual Town Council meeting held on the 20th May 2024.</p> <p>I have also agreed a sample of Cemetery income and Sports Centre and Recreational Field income to the latest Scale of Charges which was also approved at the Finance and Audit Committee on the 20th February 2023 and re-approved with no change at the Annual Town Council meeting held on the 20th May 2024.</p> <p>It is noted that the minute references for the approval of the council's three Scales of Charges are not recorded on the Scale of Charges documents. The council authorisations should be recorded for confirmation</p>

		<p>that the correct charges are being made for each year in accordance with council approvals, and to provide an adequate audit trail.</p> <p>The council has also received income in respect of grants, donations, a VAT refund, grass cutting verges and PROW, Bonfire night, and miscellaneous. I have agreed income received to current authorised charges, invoices, supporting documentation and the accounting system.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● For transparency and clarity, and to provide an audit trail, the date(s) of approval of charges that the council makes should be recorded on the council's Scales of Charges.
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><u>Appropriate petty cash controls</u></p> <p>Findings</p> <p>The Town Council has a petty cash float which is reimbursed as required. Cash is withdrawn from the Post Office using the council's debit card. A separate petty cash account is maintained in the council's accounting system which is reconciled monthly.</p> <p>I have reviewed expenditure from April 2024 to March 2025 and confirmed that expenditure is appropriate and that VAT has been correctly identified and recorded in the accounting system.</p> <p>Petty cash payments are reported to council monthly together with all other council payments.</p>
8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Are salaries to employees and all other payments and allowances paid</p>	<p><u>Adequate payroll controls</u></p> <p>Findings</p> <p>All employees received Contracts of Employment which contain clear terms and conditions.</p> <p>I have agreed all gross pay figures on the payslips from April 2024 to March 2025 (and for two new employees from the commencement of their employment to March 2025) to the contracts of employment, the 2024/25</p>

	<p>in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p>NJC pay scales, including back pay from the 1st April 2024, and study time and overtime for one member of staff.</p> <p>➤ It was noted that overtime worked by the Deputy Clerk has been authorised by the Town Clerk. Minute 2502/35 of the Town Council meeting held on the 24th February 2025 confirmed that the Clerk's delegated powers include the authority to approve staff overtime.</p> <p>All employees have been subject to PAYE and NI regulations and, for the sample checked, PAYE and NI deductions have been correctly paid to HMRC.</p> <p>The External Auditor requires me to check that the correct employer's pension percentage contribution has been applied. The East Riding Pension Fund 3-year Actuarial Report for 2023/24 to 2025/26 confirms that the 19.3% employers pension contribution that Broughton Town Council is paying is correct for 2024/25.</p>
9	Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council's Asset Register is maintained on a spread sheet in the recommended format including the location of assets, the dates of purchase, if known, and the dates of any disposals.</p> <p>Following the council's investment of funds in CCLA, the Clerk has correctly noted the investment in the Asset and Investment Register (i.e. by way of a note only, as the total of the investment will not be included in the total of assets held at the year-end for the purpose of completion of the Accounting Statement on the AGAR).</p> <p>A review of the register confirms that, for the sample checked, two new assets, purchased in December 2024 and January 2025 had not been added to the register. Following the audit these were added using the correct method of valuation. The Clerk has confirmed that the Asset Register is updated annually at the year-end.</p>

		Recommendation <ul style="list-style-type: none"> ● The Asset Register should be updated monthly to make it less likely that assets purchased during the year are forgotten and not added prior to the year-end.
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><u>Adequate bank reconciliations</u></p> <p>Findings On the 25th February 2025 the council's accounts with the Virgin Bank were closed and the closing balances were transferred to the council's Current Account at HSBC. I have checked and confirmed that the closing balances were accurately transferred.</p> <p>Bank reconciliation statements for the council's HSBC accounts, CCLA account and the petty cash account are produced monthly. These are provided to each council meeting together with the respective bank statements. Two councillors sign each reconciliation to confirm that the month-end balances on the reconciliations and the statements are in agreement.</p> <p>A review of the reconciliations confirms that there are no unusual or balancing entries.</p>
11	<p>Were Accounting statements 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, were debtors and creditors properly recorded?</p> <p>Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p>	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings As the council's income and expenditure has exceeded £200,000 for the third consecutive year, the Clerk has correctly converted the council's basis of accounting from receipts and payments to income and expenditure and, therefore, debtors and creditors have now been included.</p> <p>The statements agree with the cashbook and there is an audit trail from underlying financial records to the final accounts.</p> <p>The total of the Asset Register as at 31/03/25 agrees to box 9, fixed assets, on the Accounting Statement on the AGAR and the figure in box 8, total value of cash, agrees to the year-end bank reconciliation Statement.</p>

		The 2024/25 Interim Internal Audit Report was presented to and approved by the Finance and Audit Committee on the 20th January 2025. It is minuted that the recommendations should be addressed.
12	If the council certified itself as exempt from an External Audit Limited Assurance Review last year, has it met the exemption criteria and correctly declared itself exempt?	<u>Exemption Certificate</u> Findings The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.
13	Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?	<u>Exercise of Public Rights</u> Findings A review of the council's website has confirmed that, during the summer of 2024, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015.
14	Did the council comply with the publication requirements for the previous year's AGAR?	<u>Publication Requirements</u> Findings I have reviewed the council's website and confirmed that the Town Council published the correct documents as required by the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015.
15	Has the council met its responsibilities as a Trustee?	<u>Trustee responsibilities</u> Findings The Charity Commission Website identifies that Broughton Village Hall is a registered charity; the registered number is 521902. The website also identifies: <u>Activities - how the charity spends its money</u> Community building <u>Address</u>

		<p>Broughton Village Hall, High Street, Broughton, Brigg, North Lincolnshire, DN20 0JR.</p> <p><u>Email</u> broughton_villagehall@outlook.com</p> <p><u>Website</u> broughtontowncouncil.co.uk</p> <p><u>Telephone</u> 01652658171</p> <p><u>Last Recorded Financial Year:</u> Financial year ending 31 July 2024</p> <p><u>Last Recorded Income:</u> £33,164</p> <p><u>Last Recorded Expenditure:</u> £36,119</p> <p><u>What the charity does:</u> General Charitable Purposes, Arts/culture/heritage/science, Amateur Sport.</p> <p><u>Who the charity helps:</u> Children/young People, Elderly/old People, Other Charities Or Voluntary Bodies, The General Public/mankind.</p> <p><u>How the charity helps</u> Provides Buildings/facilities/open Space</p> <p><u>Where the charity operates:</u> North Lincolnshire</p> <p><u>Registration history:</u> 07 November 1963: Standard registration</p> <p><u>Trustees</u> Broughton Town Council</p> <p><u>Governing document</u> Trust Deed dated 28th May 1959</p>
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		<p>The Clerk has confirmed that formal meetings of the Broughton Village Hall Trustees are now being held quarterly. Separate minutes of these meetings have correctly been maintained.</p> <p>The financial information for the year-ended 31st July 2024 has been submitted to the Charity Commission.</p>
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Executive Summary

The accounts and governance arrangements of the council have continued to be maintained to a high standard and the assistance of the Clerk of the council in the completion of this audit was much appreciated.

The internal financial control environment within the council is good and the consideration and adoption of the above recommendations will serve to strengthen the systems, procedures and governance arrangements already in place.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2024.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

Public Sector Audit

24th April 2025

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