



Simon Garwood
Town Clerk
Carterton Town Council
Town Hall
19 Alvescot Road
Carterton
Oxfordshire
OX18 3JL

20th March 2024

Dear Simon,

Pre Year End Audit Cover Letter

An audit was carried out by Kevin Rose on Monday 11 March 2024. This was the Pre Year End audit following on from the interim audit carried out on 5 December 2023.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 203 items. A total of 46 items were tested during this audit in addition to the 121 items tested and checked during the interim audit. 18 further items were checked during this audit and confirmed as being 'Not Applicable' to Your Council. There were 36 items remaining to be checked once the accounting Year End process has been carried out.

Areas subject to audit were;

- the Accounting system and records (Box A)
- the Payment system (Box B)
- Risk and insurance (Box C)
- Budget and precept setting and monitoring (Box D)
- Income billing, collection and VAT (Box E)
- Payroll(Box G)

Summary of tests undertaken this audit

Positive response	22
Negative response	6
Not Applicable to your Council	18
Total tests carried out	<u>46</u>

Of the 28 applicable items tested a Positive response was obtained in respect of 22 tests. There were 6 Negative responses identified and 10 Observations were made, details of which are set out in the attached Pre Year End Internal Audit Observations.

Summary of tests undertaken for the financial year (including the Interim audit)

Positive response	109
Negative response	14
Not Applicable to your Council	44
Total tests carried out	<u>167</u>
Remaining tests to be carried out	36

Unfortunately there was 1 Non-Compliance identified during the year which was advised at the Interim Internal Audit which will result in a Negative response on the Annual Internal Audit Report. The Non-compliance relates to the Exercise of Public Rights for the 2022-23 financial year as the period set did not cover the first 10 working days of July as required by the Accounts and Audit Regulations.

I would like to express my thanks for the assistance and hospitality provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director

Pre Year End audit summary Carterton Town Council

(shaded Internal Control Objectives are not applicable to your Council)



Pre Year End Audit Date 11 March 2024

Internal Control Objective		N/A	Tested	Positive	Negative	Observations	Non Compliance
Box A	Appropriate accounting records have been properly kept throughout the financial year.		1	1	0	0	
Box B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	3	7	6	1	1	
Box C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		2	1	1	2	
Box D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		1	0	1	1	
Box E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	5	2	1	1	2	
Box F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		0	0	0	0	
Box 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.	7	15	13	2	3	
Box H	Asset and investments registers were complete and accurate and properly maintained.		0	0	0	0	
Box I	Periodic bank account reconciliations were properly carried out during the year.		0	0	0	0	
Box 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.	2	0	0	0	1	
Box K	If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")		N/A	N/A	N/A	N/A	
Box 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.		N/A	N/A	N/A	N/A	
Box M	The authority, during the previous year (2022/23) 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	
Box N	The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	1	0	0	0	0	
Box O	(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee		0	0	0	0	
Totals		18	28	22	6	10	0

Carterton Town Council
Financial Year 2023-24



IAC Audit and Consultancy Ltd

Audit date: 11 March 2024

Pre Year End Internal Audit Observations

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	Response	Observation	Recommendation	Priority	Comments
1	Can bank payment transactions be traced to source documents ? (Year End)	No	<p><i>It was not possible to view Council approvals for payments made in December 2023. (See Observation G2 below).</i></p> <p><i>It was noted that during the 2023-24 financial year the format of Council minutes have changed so that they no longer record a full listing of 'Payments Made', but now record a listing of 'invoices for payment'. It is unclear how, under this revised arrangement, payments which do not relate to invoices, such as payroll and Councillors Allowances / Expenses have been subject to review and approval by Council.</i></p>	The Council to consider how it is formally reviewing and monitoring payment. The Council to ensure that ALL payments made are reported to, and approved by, Council.	High	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Minutes reviewed and no 'unusual activity' identified (year end)	Yes	<p><i>Minutes of Full Council 16th January 2024 refer in 2024/C/024 refer to 'Confidential Minute' - local Councils cannot have 'Confidential Minutes'</i></p>	<p>The Council to note that all Minutes of meetings must be made available on demand.</p> <p>The Council to ensure that all Minutes are drafted in a form suitable for publication and are made available on the Councils website.</p>	High	

2	The council has reviewed its insurance requirements	No	<i>The Council renewed its insurance in June 2023. From a review of Minutes it was not possible to verify that the Council has reviewed its insurance requirements during the year</i>	The Council to ensure that it reviews its insurance coverage annually.	Medium	
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D *The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Reserves have been subject to review by Council as part of the budget setting process.	No	<i>The Council holds a number of Earmarked Reserves, the most significant of which relates to S106 funds. It appears that these Section 106 funds are commuted sums for the maintenance of two LEAPs at Empire Drive and Stanmore Crescent. It is not clear that the Council has utilised these funds towards these costs.</i>	<p>The Council to undertake a detailed review of its EMRs, in particular the S106 funds, and ensure that these are being utilised to fund the expenditure they were provided to Fund.</p> <p>The Council to note that funding of LEAP maintenance costs without utilising the EMRs will result in an artificially large cost being borne by the General Reserve and a consequent overstatement of the value of Earmarked Reserves.</p>	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	A register is kept of regular amounts of income due	No	<i>The Council receives income for rental of properties. One rental is subject to monthly invoicing so can be monitored through the debtors ledger, other property rentals are not invoiced but recorded on receipt. It is not clear how a failure to pay on the non-invoiced properties would be picked up.</i>	The Council to review how it monitors the collection of rents on properties on which rent invoices are not raised and, in particular, how the Council would promptly identify any failure to pay by a tenant.	High	

2	Income received has been appropriately treated for VAT purposes	Yes	<i>It was noted at the Interim Audit that the only VATable income was from The Snake Shop although the Council is VAT registered. It is not clear whether at some point the Council may have exercised an Option to Tax on one of its buildings. It is not known when the Council became VAT registered.</i>	The Council to establish when it became VAT registered (this will be stated on the Council VAT registration Certificate). The Council to review and confirm whether this registration is related to an Option to Tax on its one of its buildings.	Medium	
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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.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Members Allowances have been set in accordance with Members Allowances Regulations 2003.	No	<i>The Council agreed, at a meeting held on 19th September 2023, to approve a "Child Care and Dependents Allowance Policy". This does not appear to comply with the requirements of the Members Allowance Regulations 2003. The NALC Legal Topic Note on Members Allowances (LTN 33) states "Parish and town councillors are not entitled to claim this allowance under the regulations and yet it is available under the new regulations, for example, to those district councillors with dependant children. "</i>	The Council to review the requirements of the Members Allowances Regulations and ensure that it sets its allowances in accordance with the Regulations. If the Council wishes to vary from the requirements of the Members Allowance Regulations 2023 it should obtain specific legal advice confirming it is permitted to do so.	High	

2	The Members allowances have been paid ONLY to elected members (Regulations 24 (3)).	Yes	<p><i>The Council made a payment on 5th December 2023, to the Mayor's Charity, for £2,960.70 recorded in the accounting system as "Mayor Allowance 23/24". From a review of Minutes it was not possible to view formal Council approval of this payment.</i></p> <p><i>It is also not clear exactly what expenses are to be met from the Mayor's Allowance budget and what expenses are to be met from the Mayor's Charity.</i></p>	<p>See Observation B1</p> <p>The Council to clarify what expenses are to be met from the Town Council Mayor's Allowance budget.</p>	High	
3	The Council has in a place a process for the review and approval of overtime or Time In Lieu	No	<p><i>The Council does not have in a place a process for the review and approval of overtime or Time In Lieu.</i></p>	<p>The Council to put in place a process for the formal review and approval of overtime. This should include a specific arrangement to confirm, in writing, whether overtime is to be paid or taken as time in lieu.</p>	High	

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.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Prior year accruals have been correctly reversed in the current year. (interim)	No	<p><i>It was noted that there is a old balance on nominal code 530 Mayors Charity. This relates to the unspent balance of the Mayor's Allowance from the financial year 2019/20 which, it is understood, was intended to be paid to over to the Charity.</i></p>	<p>The Council to review the balance on nominal 530 and, if appropriate, make arrangements to pay this money over to the Charity.</p>	Medium	