

Public Sector Audit

Howden 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 council's accounting records are maintained on a computerised system by Scribe which provides all the information required for the Statutory Annual Governance and Accountability Return (AGAR).</p> <p>The accounting system ensures that it is arithmetically correct and monthly bank reconciliations confirm that the accounting system and the Co-op Current and NS & I Investment Accounts are in agreement.</p> <p>The council's 2024/25 accounts have been prepared on an income and expenditure basis, as required by the External Auditor.</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>At the council meeting held on the 16th July 2024 the council received the minutes of the Resource and Asset Management (RAM) Committee held on the 9th July and approved Standing Orders and NALC's revised Financial Regulations. At the time both Standing Orders and Financial Regulations were based on the latest NALC Models.</p> <p>During March 2025 NALC published revised Financial Regulations and in April 2025 new Model Standing Orders were also released by NALC.</p> <p>The updated 2025 NALC Financial Regulations were reviewed and adopted at Full Council on the 15th April 2025 and the latest Model Standing Orders were adopted at Full Council held on the 21st May 2025.</p>

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 large sample of payments from April 2024 to March 2025 to ensure that there is a formal invoice and that the expenditure has been reported to council. All payments tested were supported by invoices or receipts and reported to council. The Clerk includes a scanned copy of each invoice and payments schedule with the agenda papers for each meeting. Two council members sign each invoice and the total of each schedule is included in the minutes to provide an audit trail and for transparency purposes.</p> <p>I have reviewed payments for completeness, accuracy, the correct year of account and compliance with Financial Regulations.</p> <ul style="list-style-type: none"> ➤ The Clerk maintains a record of council contracts which identifies for each contract, the term of the contract, the date let and date of renewal. All contracts are in-date to the date of the audit. <p>I have checked to confirm that VAT has been correctly identified and recorded in the accounting system for reclaim from HMRC.</p> <p>The council formally affirmed its adoption of the General Power of Competence (GPC) at the meeting held on the 12th December 2023. Expenditure that has been coded to s.137, however, such as donations to registered charities and expenditure for which the council has no other statutory power, will continue to be allocated to s.137. The GPC status was reconfirmed at the Annual meeting of the Town Council held on the 21st May 2025.</p> <ul style="list-style-type: none"> ➤ A total of £97.50 has been allocated to this code to the date of the audit. The expenditure is appropriate for this statutory power and well within the statutory limit. <p>The Clerk has confirmed that no cheques were issued during the year and the council does not now have a cheque book.</p>
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		A formal policy, containing the terms and conditions of the use of the council's Debit card, was approved at the RAM Committee held on the 9th July and agreed by full council on the 16th July 2024.
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 continues to maintain a Policy and Procedure Schedule which is a control document that includes all council policies, procedures and risk assessments. It is used to ensure that all documents are maintained and reviewed at appropriate intervals. The Policy and Procedure Schedule was reviewed and accepted at the council meeting held on the 21st May 2025. At the date of the audit the schedule shows that all policy reviews are up to date.</p> <p>The council has developed a Risk Management Scheme which incorporates all the council's financial risks, asset management, legal, Health & Safety, reserves and council meetings. The Scheme was last presented to RAM on the 13th May 2025 and was approved.</p> <p>The council has contracted with a local company, the MNA Group, as it's Health and Safety specialist advisor. The company works with the council to ensure that its Health and Safety Policy and practices are up to date and that appropriate measures are taken to protect both the public and the council. The advisor visits four times each year and undertakes site inspections with the Clerk twice each year. In addition, online training is available and the company's web portal can be accessed by council officers and Councillors, on which all training that has been undertaken can be recorded.</p> <p>Detailed monthly inspections are carried out by nominated council Members. These cover Derwent Play Park, Howden Marsh Local Nature Reserve, the Cemetery, Howden Minster grounds and Shelford Avenue open space. The inspection sheets are completed and returned to the Town Clerk's office for review and action if necessary. The reports are submitted to the Amenities Committee. In the event of urgent action being required, the Clerk has delegated powers to act and report to council retrospectively.</p>

		<p>The council also contracts with The Play Inspection Company to provide an annual inspection of Derwent Park.</p> <p>I have reviewed the council's insurance policy which ends on the 31st May 2025. At the time of the audit the Clerk and two Chairmen are reviewing quotations and levels of cover provided by the current and alternative providers. The current limits of indemnity are considered to be adequate with the exception of Fidelity Guarantee, which now needs to be higher than the current £270,000. The Clerk has confirmed that the current insurer has offered a higher level of Fidelity Guarantee Cover of £320,000 which, if accepted, is adequate to protect the council's interests.</p> <p>I have reviewed the council's security arrangements in respect of electronic data. The Clerk has confirmed that the council's computers are password protected and the council's electronic data is automatically saved to "One Drive" which is a Microsoft cloud storage facility. The council's accounting package is web-based and is also automatically saved to cloud. Whilst working from home the Clerk has confirmed that all council's electronic data is also automatically saved to cloud storage.</p> <p>In order to reduce the council's financial exposure the Town Council resolved to transfer £85,000 from the NS & I Account to the CCLA Account. Also, since the year-end the council has opened an account at the Rugby and Hinkley Building Society in which to deposit and spread funds between different financial institutions. Deposits will be made into this Savings Account during the year.</p> <p>A monthly checklist, which identifies the council's routine weekly, monthly and annual procedures, is provided to each Full Council for review and approval.</p>
5	Has the annual precept requirement resulted from an adequate budgetary process?	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>The council agreed a Precept of £241,383.50 for 2024/25 at the meeting held on the 15th January 2024. A detailed budget setting document was prepared which identified actual expenditure from April to November 2023 and anticipated expenditure for December 2023 to March 2024. The budget setting document includes</p>

	Has progress against budget been regularly monitored and reported and were reserves appropriate?	<p>expenditure for the Burial Committee; the Burial Committee, however, does not include possible income for the cemetery within the budget setting document. The reason for this is to build up reserves for the future when the Burial Committee has a commitment to maintain the cemetery for 100 years after the last burial has taken place.</p> <p>A three-month budget monitoring report, to the end of June, was presented to the RAM Committee on the 9th July 2024. A second report, to the end of September, was presented to and reviewed by the RAM Committee on the 12th November 2024.</p> <ul style="list-style-type: none"> ➤ A full finance review for 2024/25 and Budget Plan 2025/26 was provided to RAM on the 14th January 2025 and a budget and Precept recommendation for 2025/26 was agreed. The recommendations from RAM were reviewed by the Town Council on the 21st January 2025 and a budget and Precept for 2025/26 was agreed and confirmed. <p>The council's 2025/26 budget setting process provided for a level of general reserves of 3 months net revenue expenditure, as recommended by the Government for a council the size of Howden Town Council.</p> <p>The council's balances totalled £208,274 as at the 31st March 2025. The total comprises earmarked reserves of £123,522 (including a Contingency Reserve of £46,000) and a general reserve of £84,752. The general reserve equates to 31% of the current year's Precept of £271,270 and is adequate and prudent for a council the size of Howden Town Council. It is noted that during 2025/26 additional funds will be allocated to the Joint Burial Board Savings Reserve Account to provide for the ongoing commitment of the Churchyard.</p>
6	Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?	<p><u>Adequate income controls</u></p> <p>Findings</p> <p>The council's 2024/25 Precept of £241,383.50 has been received in two instalments of £120,691.75 on the 30th April and the 30th September 2024; these agree to the ERYC remittance advices, the accounting system and bank statements.</p>

	<p>Were security controls over cash and cash equivalents effective?</p>	<p>Apart from the Precept, the council has received income in respect of cemetery fees, a contribution from the Screetons for Cemetery tree works, Advertising on the Cemetery Notice Board, the annual contribution from Asselby Parish Council to the Joint Burial Board, Allotment Association rent, room hire and office leases, a VAT refund from HMRC, ERYC grants, a wayleave payment from Northern Powergrid and bank interest. All income checked has been agreed to approved scales of charges and council minutes, invoices and the council's accounting system.</p> <p>I have checked and agreed cemetery fees charged to the fee structures agreed by the Burial Committee for 2024/25 and, from January 2025, for 2025/26.</p> <p>I have reviewed room hire charges received during the year and agreed them to the scales of charges agreed by the RAM Committee held the 14th November 2023 and re-reviewed by RAM on the 12th November 2024 when it was agreed that there would be no increase for 2025.</p> <p>In accordance with the External Auditor's guidance, the Clerk has compiled a periodical receipts document which identifies sundry income that should be received during the year to enable enquiries to be made if such income is not received.</p>
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 council does not maintain a petty cash system.</p> <p>Small items of sundry expenditure incurred by the Clerk and the Town Centre and Events Officer and, occasionally Councillors, are reimbursed via the normal payments system. Such payments are correctly included on the schedule of payments presented for authorisation to each meeting of the council.</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 in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p><u>Adequate payroll controls</u></p> <p>Findings</p> <p>All council employees have contracts of employment with clear terms and conditions of employment.</p> <p>I have agreed the gross pay for each employee for April 2024 to March 2025 in accordance with the existing contracts of employment and the 2024/25 NJC pay scales, including back pay from 1st April 2024.</p> <p>All council employees have been subject to PAYE and NI regulations and, for the sample checked, deductions have been correctly paid to HMRC.</p> <p>The External Auditor requires me to check that the correct employers' pension percentage contribution has been applied. I have confirmed that the council's payments to the council's pension providers, Prudential and NEST, are in accordance with the Contracts of Employment and legislative requirements.</p>
9	<p>Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?</p>	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council's Asset Register is maintained in a spreadsheet format within the Scribe accounting software and is reviewed at each RAM Committee.</p> <p>The register is updated as necessary during the year to reflect any purchases or deletions. New assets purchased during the year have been added to the register using the correct method of valuation.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● When funds have been deposited into the CCLA account the council should record this investment as a note on the Asset Register but not include the value of the deposit in the total for purposes of completing the AGAR.

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</p> <p>As at the year-end the council maintains two bank accounts: a Current Account with the Co-operative Bank and an NS&I Investment Account. A Public Sector Deposit Fund account with CCLA has also been opened; as at the 31st March 2025 no funds have been transferred into this account. Also, as noted in section four of this report, the council has opened a further account with the Hinkley and Rugby Building Society, to ensure that funds are evenly spread and protected in the future.</p> <p>The Scribe accounting system automatically produces monthly bank reconciliation statements. These have been presented to each Town Council meeting together with the respective Co-operative bank statements, and NS&I statements when available. All reconciliations and the respective bank statements, with the exception of the reconciliation up to the 29th April 2024, have been signed by the Chairman to confirm that they are in agreement. I have reviewed and confirmed that the balances on the reconciliations agree to the respective bank statements balances.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● As part of the council's internal control system, all monthly bank reconciliations and respective bank statements, should be initialled by the council Member authorising them to confirm that the council's accounting system and the bank are in agreement.
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><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings</p> <p>As noted in section one of this report, the year-end statements have been prepared on an Income and Expenditure basis and debtors and creditors have, therefore, been taken into account.</p> <p>The Accounting Statements agree with the cashbook and there is an audit trail from underlying financial records to the year-end statements.</p>

	Has the previous Internal Audit Report been submitted to council and actioned as necessary?	The 2024/25 Interim Internal Audit Report was presented to and approved by the Resource and Asset Management Committee on the 12th November 2024. The minutes confirm that the report and action plan were received and agreed.
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?	<p><u>Exemption Certificate</u></p> <p>Findings</p> <p>The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.</p>
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?	<p><u>Exercise of Public Rights</u></p> <p>Findings</p> <p>I have confirmed by a review of the council's website that, during the summer of 2024, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations.</p> <p>➤ It was noted that the incorrect date was included in section 1 of the form, but the correct date was included in section 5 where the name and title of the person making the announcement is required. This error was noted by the Clerk and a revised Notice was published in accordance with the requirements of the 2015 Accounts and Audit Regulations.</p>
14	Did the council comply with the publication requirements for the previous year's AGAR?	<p><u>Publication Requirements</u></p> <p>Findings</p> <p>I have reviewed the council's website and confirmed that the council published the correct documents as required by the Accounts and Audit Regulations 2015.</p>

15	Has the council met its responsibilities as a Trustee?	<u>Trustee responsibilities</u> Findings I have seen no evidence that the council has responsibility for Trust Funds and the Clerk has confirmed that this is the case.
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Executive Summary

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

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The internal financial control environment within the council is excellent and the consideration and adoption of the above recommendations will serve to further enhance and 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

22nd May 2025

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