



Clare Evans
Town Clerk
Houghton Regis Town Council
Council Offices
Peel Street
Houghton Regis
Bedfordshire
LU5 5EY

9th June 2024

Dear Clare,

Year End audit Cover Letter (with Interim)

An audit was carried out by Kevin Rose on Tuesday 7 May 2024. This was the Year End audit following on from the interim audit carried out on 29 November 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 66 items were tested during this audit in addition to the 114 items tested and checked during the interim audit. 23 further items were checked during this audit and confirmed as being 'Not Applicable' to Your Council. All items on the checklists were tested during the year.

Areas subject to audit were;

- 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)
- Assets and investments (Box H)
- Bank reconciliations (Box I)
- Accounting Statements (Box J)

Summary of tests undertaken this audit

Positive response	61
Negative response	5
Not Applicable to your Council	23
Total tests carried out	89

Of the 66 applicable items tested a Positive response was obtained in respect of 61 tests. There were 5 Negative responses identified and 7 Observations were made, details of which are set out in the attached Year End Internal Audit Observations.

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

Positive response	150
Negative response	10
Not Applicable to your Council	43
Total tests carried out	<u>203</u>
Tests not carried out	Nil

I am pleased to advise that no 'Non-Compliances' were identified that would give rise to a negative response on the statutory Annual Internal Audit Report.

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

Houghton Regis Town Council
Financial Year 2023-24



IAC Audit and Consultancy Ltd

Audit date: 7 May 2024

Year End Internal Audit Observations

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	Council has formally documented Internal Controls	No	<i>Council has not formally documented Internal Controls</i>	Council should formally document its Internal Controls.	High	
2	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015	No	<i>The Council has not reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015.</i>	Council to note the requirement for it to regularly review its internal control system.	High	

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	Invoices / Charges levied agree to approved rate of Fees and Charges	Yes	<i>it was noted that the fees and charges for the cemetery states that "In the case of non-residents of Houghton Regis, all fees will be tripled" however it was noted on review of the schedule of fees that the stated fees did not always agree to three times the residents fees.</i>	Council to review the schedule of cemetery fees and charges to ensure that the non-resident fees are actually set at three times the residents fee.	Medium	
2	Cash income is promptly banked	Yes	<i>It was noted that it is not currently practice for the cash received and recorded in the receipts books to be verified against the cash banked. It is therefore not clear how it is ensured that all cash collected has been banked.</i>	As part of the banking procedure receipt books should be verified to the cash on hand to be banked. The receipt book should be marked/initial to indicate that the cash receipted has been verified and banked.	Medium	

H Asset and investments registers were complete and accurate and properly maintained.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The asset register has been subject to review by Council	No	<i>As at the date of the year end audit the updated asset register had not been subject to review and approval by the Council.</i>	Prior to the approval of the statutory Accounting Statements the Council should formally review the asset register and confirm approval of the register and any additions or disposals made in the year.	Medium	
2	Assets purchased have been recorded gross and not netted off against any trade ins.	No	<i>It was noted that the purchase of a mobile steam cleaner for £17,999 had been recorded as £9,999 net of a trade in of £8,000 rather than being recorded gross with the trade in balance credited to income.</i>	The Council to ensure that assets purchased are recorded at their gross cost. Trade-in income should be recorded as a separate item of income (and VAT accounted for appropriately)	Medium	
3	Schedule of investments available	No	<i>It was noted that, at the date of the year end audit visit, a current valuation of the investment in the property fund was not available. It is unclear how the Council has monitored performance of this investment in the absence of regular valuations.</i>	The Council to ensure that a valuation for the property fund as at 31st March 2024 is obtained, a copy of which should be provided to the Internal Auditor.	Medium	

Houghton Regis Town Council



Interim Audit Date: 29/11/2023

Year End Audit Date 07/05/2024

Internal Audit Summary for the year 2023-24

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

Internal Control Objective		Observations	Observation Analysis					Responses			
			Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked
A	Appropriate accounting records have been properly kept throughout the financial year.	0	0	0	0	0	0	6	0	0	0
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	4	0	4	0	0	0	35	3	5	0
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	3	1	1	0	0	1	9	3	0	0
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	0	0	0	0	0	0	13	0	3	0
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	3	0	0	3	0	0	18	1	6	0
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	0	0	0	0	0	0	9	0	0	0
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.	0	0	0	0	0	0	16	0	8	0
H	Asset and investments registers were complete and accurate and properly maintained.	3	0	0	3	0	0	7	3	1	0
I	Periodic bank account reconciliations were properly carried out during the year.	0	0	0	0	0	0	16	0	0	0
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.	0	0	0	0	0	0	9	0	2	0
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	N/A	N/A	N/A	N/A	3	N/A
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	N/A	N/A	N/A	N/A	7	N/A

2023-24 Internal Audit Houghton Regis Town Council

Internal Control Objective		Observations	Observation Analysis					Responses			
			Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked
M	<i>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).</i>	0	0	0	0	0	0	5	0	0	0
N	<i>The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).</i>	0	0	0	0	0	0	7	0	1	0
O	<i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A
Total		13	1	5	6	0	1	150	10	43	0



The Clerk
Houghton Regis Town Council
Council Offices
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Bedfordshire
LU5 5EY

09-Jun-24

Explanation of "Not Covered" responses

Further to our Internal Audit of your Council for the financial year 2023/24 I am pleased to submit the signed Internal Report for your Annual Return. We have completed our work and I can confirm that we have not given a Negative response for any of the Internal Control Objectives.

You will note that we have given 'Not Covered' responses in respect of Control Objective K, L and O and we are required to explain why we have done this.

- *The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review for the 2022/23 financial year.*
- *At present no specific guidance has been provided to set out what the 'relevant legislation' is in respect of Control Objective L. We have tested against the requirements of Statutory Instruments 2015/480 The Local Government (Transparency Requirements) and 2015/494 The Smaller Authorities (Transparency Requirements), neither of which apply to your Council. The publication requirements of Statutory Instrument (2015/234) The Accounts and Audit Regulations are covered in our responses to Internal Control Objectives M and N. The Council should note that we have not considered any additional publication requirements that may apply, for example those set out in the ICO Model Publication Scheme for Parish Councils.*
- *The reason for the Not Covered response for Objective O as it is our understanding that the Council does not act as Trustee.*

The External Auditor may query why we have responded 'Not Covered' and, if so, you should provide them with a copy of this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "K. Rose". The signature is written in a cursive, flowing style.

Kevin Rose ACMA
Director

Houghton Regis Town Council

Financial Year 2023-24



IAC Audit and Consultancy Ltd

Audit date: 7 May 2024

Year End Internal Audit Observations

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	Council has formally documented Internal Controls	No	<i>Council has not formally documented Internal Controls</i>	Council should formally document its Internal Controls.	High	The Council annually reviews its policy titled Internal Audit Planning, Reporting and Review Policy (Minute 12543). During the IA the auditor felt that this policy has scope to align better with internal processes. The Head of Corporate Services is in the process of reviewing this policy accordingly. This amended policy will be presented for consideration and approval to Town Council in October 2024.
2	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015	No	<i>The Council has not reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015.</i>	Council to note the requirement for it to regularly review its internal control system.	High	This Observation is linked to the above Observation and will be satisfied as above.

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	Invoices / Charges levied agree to approved rate of Fees and Charges	Yes	<i>it was noted that the fees and charges for the cemetery states that "In the case of non-residents of Houghton Regis, all fees will be tripled" however it was noted on review of the schedule of fees that the stated fees did not always agree to three times the residents fees.</i>	Council to review the schedule of cemetery fees and charges to ensure that the non-resident fees are actually set at three times the residents fee.	Medium	This relates to numerical historic rounding and has been adjusted to be accurate. COMPLETE

2	Cash income is promptly banked	Yes	<i>It was noted that it is not currently practice for the cash received and recorded in the receipts books to be verified against the cash banked. It is therefore not clear how it is ensured that all cash collected has been banked.</i>	As part of the banking procedure receipt books should be verified to the cash on hand to be banked. The receipt book should be marked/initial to indicate that the cash receipted has been verified and banked.	Medium	A process to reconcile the receipt book and bank paying in slips has been implemented. COMPLETE
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H Asset and investments registers were complete and accurate and properly maintained.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The asset register has been subject to review by Council	No	<i>As at the date of the year end audit the updated asset register had not been subject to review and approval by the Council.</i>	Prior to the approval of the statutory Accounting Statements the Council should formally review the asset register and confirm approval of the register and any additions or disposals made in the year.	Medium	The revised Asset Register was reviewed in March 2024 by Town Council. The report was presented for information. This observation requires Council to approve the Asset Register and any additions and disposals. This is noted for future years. COMPLETED
2	Assets purchased have been recorded gross and not netted off against any trade ins.	No	<i>It was noted that the purchase of a mobile steam cleaner for £17,999 had been recorded as £9,999 net of a trade in of £8,000 rather than being recorded gross with the trade in balance credited to income.</i>	The Council to ensure that assets purchased are recorded at their gross cost. Trade-in income should be recorded as a separate item of income (and VAT accounted for appropriately)	Medium	This is noted for future purchases and sales. COMPLETED
3	Schedule of investments available	No	<i>It was noted that, at the date of the year end audit visit, a current valuation of the investment in the property fund was not available. It is unclear how the Council has monitored performance of this investment in the absence of regular valuations.</i>	The Council to ensure that a valuation for the property fund as at 31st March 2024 is obtained, a copy of which should be provided to the Internal Auditor.	Medium	This evaluation was obtained post the visit from the IA. In future officers will ensure it is available at the time of visit. NOTE: HRTC have provided notice to CCLA to withdraw the councils investment in this fund. COMPLETED