



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

8th June 2025

Dear Clare,

Year End Internal Audit Report

An audit was carried out by Kevin Rose on Friday 6 June 2025. This was the Year End audit following on from the interim audits carried out on 20 November 2024 and 2 April 2025.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 208 items. A total of 58 items were tested during this audit in addition to the 150 items tested and checked during the interim audit process. All items on the checklists were tested during the year.

The following 'Internal Control Objectives' of the Annual Internal Audit Report (part of the AGAR) were checked and confirmed as being Not Applicable to your Council for this financial year.

- Exemption from External Audit (Box K)
- the Transparency Code (for Smaller Authorities) (Box L)
- Trust Funds (Box O)

(Please refer to the explanation of my 'Not Covered' responses on Page 3)

Areas subject to audit were;

- the Payment system (Box B)
- Budget and precept setting and monitoring (Box D)
- Payroll (Box G)
- Assets and investments (Box H)
- Bank reconciliations (Box I)
- Accounting Statements (Box J)

Summary of tests undertaken during this audit

Positive response	20
Negative response	7
Not Applicable to your Council	31
Total tests carried out	<u>58</u>

Of the 27 applicable items tested a Positive response was obtained in respect of 20 tests. There were 7 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 interim audit work)

Positive response	151
Negative response	14
Not Applicable to your Council	43
Total tests carried out	<u>208</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

Internal Audit 'Not Covered' Responses

Internal Control Objective	Reason for Not Covered Response
K: If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")	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 a limited assurance review for the relevant financial year.
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.	At present no specific guidance has been provided to Internal Auditors as to 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.
O: (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee	The reason for the Not Covered response for Objective O as it is our understanding that the Council does not act as Trustee.

Houghton Regis Town Council
Financial Year 2024-25



Visit 2 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	Is the tender threshold set in Financial Regulations the same value as stated in Standing Orders	Yes	<i>The tender value stated in Financial Regulations is £100,000, in Standing Orders it is stated at £30,000.</i>	The Council to review its Financial Regulations and Standing Orders and ensure that the tender threshold stated in both is the same.	High	
2	Is expenditure on Credit / Debit Card subject to independent review and scrutiny?	No	<i>The practice at the Council is for a listing of Purchase Ledger payments to be reported to Council. Other payments, such as debit card payments, and salary payments are not reported to Council.</i> <i>As Council only reviews and approves a Purchase Ledger payment listing, which does not include direct payments, it is unclear how the Council would become aware of any issues with these payments (see below).</i>	The Council to put in place arrangement so that ALL payments made by Council are report to, and approved by Council, or the appropriate committee.	High	

3	Can bank payment transactions be traced to source documents ? (Year End)	Yes	<p><i>It was noted that a payment of £17,521 in respect of pension contributions was made twice on 5th February 2025 in error.</i></p> <p><i>It is understood that this was due to two different officers receiving the same request for payment (the Council still permits payments to be made on a sole authoriser basis). It is unclear how two requests, for the same payment, were entered on the banking system.</i></p>	<p>The Council to note that a significant, high value, payment was duplicated and that a major contributing factor to this was the continued existence of sole payment authorisation on the Councils bank account (This has previously been raised as an audit issue).</p> <p>The Council, as a priority, to review the online signing authority on its bank accounts and arrange to implement dual authorisation of payments. If necessary the Council should consider opening a bank account which permits dual authorisation as a standard facility.</p>	High	
4	If the Council has incurred significant legal fees the reason for these is documented and has been properly authorised by Council.	Yes	<p><i>It was noted that £8,000 income in respect of an insurance claim has been netted off against costs.</i></p>	<p>The Council to note that income should not be netted off against expenditure. The £8,000 entry should be corrected and journaled from costs to an income code.</p>	Medium	

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	Salaries paid agree with those approved by the council	No	<p><i>A detailed test was carried out in respect of January payroll. It was noted that one member of staff had been paid at Spinal Column Point 17 although their contract states a pay band of SCP 18-21. It is unclear whether the payment, or the contract, is correct.</i></p>	<p>The Council to review the salary paid, and the contract of employment, for the staff member concerned and ensure that either the rate of pay, or the contract, is amended to the correct value.</p>	High	

I Periodic bank account reconciliations were properly carried out during the year.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
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1	There a bank reconciliation for each account (Interim)	No	<p><i>It was noted that the Council is operating a bank account for youth services which is not recorded in the Council accounting system. The practice is the transfers to that account, from other Council accounts, have been recorded as payments and that transactions on this account, and the current bank balance is not recorded.</i></p> <p><i>It is understood that this account operates using a debit card issued to one member of staff and that this is a longstanding arrangement.</i></p>	<p>The Council to note the one bank account is operated outside of the Councils accounting system.</p> <p>The Council to review transactions on this account and verify whether they are in accordance with Council approvals.</p> <p>The Council to ensure that, as a priority, this bank account is brought into the Council accounting system and that transactions on this account are properly recorded and reported.</p>	High	
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(For local councils only)

O Trust funds (including charitable) – The council met its responsibilities as a trustee

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Trust income and expenditure has been transacted through a separate bank account in the name of the Trust and has not been recorded in Councils accounts	N/A	<p><i>The Town Council does not act as a Sole Trustee, however it does operate a Mayors Charity. It is not currently practice for the annual statement of the Mayors Charity, setting out income and expenditure, to be reported to Council.</i></p>	<p>The Council should consider introducing a process whereby a summary account of the income and expenditure of the Mayors Charity is formally reported to Council, for their information, each year.</p> <p>The Council to consider whether, as good practice, the annual statement of income and expenditure of the charity should be published on the Councils website.</p>	Medium	

Houghton Regis Town Council
Financial Year 2024-25

Year End Internal Audit Observations



IAC Audit and Consultancy Ltd

Audit date: 6 June 2025

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	Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions.	No	<i>Accounting Statements Box 4 value does not agree to total payments of Salaries, Wages and Pensions. It appears that the value computed for Box 4 does not include the balance on nominal code 4005 Staff Overtime.</i>	The Council to note the difference between the draft Accounting Statements Box 4 value and the value computed by the Internal Auditor. The Council to review the computation and, if appropriate, amend the Box 4 value.	High	

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>From a review of Minutes it was not possible to verify that the asset register, and any additions and disposals, has been subject to review by Council.</i>	The Council should formally review the asset register, and approve any additions and disposals, each year prior to the approval of the Accounting Statements.	High	

I Periodic bank account reconciliations were properly carried out during the year.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Year End bank reconciliations have been signed and dated as evidence of independent review.	No	<i>The Year End bank reconciliations have not been signed and dated as evidence of independent review.</i>	Prior to the Council's approval of the Accounting Statements the year end bank reconciliations should be subject to review and signed and dated as evidence of this review.	Medium	

2	Year end bank reconciliation agrees to Box 8 of the Accounting Statements	No	<i>The Year End bank reconciliation provided does not agree to Box 8 of the Accounting Statements. The difference of £200 appears to relate to the balance on the Clerks Imprest Account written off during the year but is still included on the bank reconciliation.</i>	Council to review the computation of the Box 8 value and agree it to the Councils accounting records and bank reconciliation.	High	
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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	The Accounting Statements Box 5 value agrees to total payments of Principal and Interest on loans.	No	<i>The Accounting Statements Box 5 value does not agree to total payments of Principal and Interest on loans. It appears the value stated does not include the balance on nominal code 4066 - 'Loan payments - Tithes Farm Pav'.</i>	Council to review the Box 5 value stated and agree it to the value of payments (of Principal and Interest) made during the year.	High	
2	Audit Extended Trial Balance agrees to draft Accounting Statements	No	<i>The Internal Audit Extended Trial Balance does not agree to the draft Accounting Statements. It was not possible to agree the values stated for Boxes 4,5, 6 and 7.</i>	Council to review the values stated in the draft accounting statements to ensure that they agree to the Councils accounting records	High	
3	Prior year numbers reported on this years Accounting Statements agree to prior year Accounting Statements	No	<i>The prior year numbers of this year's Accounting Statement do not agree to those stated on the previous years Accounting Statements. There is a difference on the value stated in Box 10.</i>	Council to review the prior year values stated in the draft accounting statements to ensure that they are correct.	High	

Houghton Regis Town Council
Financial Year 2024-25



Audit date: 2 April 2025

Visit 2 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	Is the tender threshold set in Financial Regulations the same value as stated in Standing Orders	Yes	<i>The tender value stated in Financial Regulations is £100,000, in Standing Orders it is stated at £30,000.</i>	The Council to review its Financial Regulations and Standing Orders and ensure that the tender threshold stated in both is the same.	High	This recommendation coincided with revised Standing Orders being issued, by NALC, to address this anomalie. Council received and adopted revised SO's & FR's at the AGM meeting to be held on the 14th May 2025.
2	Is expenditure on Credit / Debit Card subject to independent review and scrutiny?	No	<i>The practice at the Council is for a listing of Purchase Ledger payments to be reported to Council. Other payments, such as debit card payments, and salary payments are not reported to Council.</i> <i>As Council only reviews and approves a Purchase Ledger payment listing, which does not include direct payments, it is unclear how the Council would become aware of any issues with these payments (see below).</i>	The Council to put in place arrangement so that ALL payments made by Council are report to, and approved by Council, or the appropriate committee.	High	Monthly salary payment reports will be provided to Corporate Services Committee, starting as of April 2025. Monthly cash book reports, listing all payment will be provided to the Corporate Services Committee, starting as of April 2025.

3	Can bank payment transactions be traced to source documents ? (Year End)	Yes	<p><i>It was noted that a payment of £17,521 in respect of pension contributions was made twice on 5th February 2025 in error.</i></p> <p><i>It is understood that this was due to two different officers receiving the same request for payment (the Council still permits payments to be made on a sole authoriser basis). It is unclear how two requests, for the same payment, were entered on the banking system.</i></p>	<p>The Council to note that a significant, high value, payment was duplicated and that a major contributing factor to this was the continued existence of sole payment authorisation on the Councils bank account (This has previously been raised as an audit issue).</p> <p>The Council, as a priority, to review the online signing authority on its bank accounts and arrange to implement dual authorisation of payments. If necessary the Council should consider opening a bank account which permits dual authorisation as a standard facility.</p>	High	Dual authorisation requirement has been implemented (8th April 2025) on the Town Councils bank accounts.
4	If the Council has incurred significant legal fees the reason for these is documented and has been properly authorised by Council.	Yes	<p><i>It was noted that £8,000 income in respect of an insurance claim has been netted off against costs.</i></p>	<p>The Council to note that income should not be netted off against expenditure. The £8,000 entry should be corrected and journaled from costs to an income code.</p>	Medium	This has been corrected.

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	Salaries paid agree with those approved by the council	No	<p><i>A detailed test was carried out in respect of January payroll. It was noted that one member of staff had been paid at Spinal Column Point 17 although their contract states a pay band of SCP 18-21. It is unclear whether the payment, or the contract, is correct.</i></p>	<p>The Council to review the salary paid, and the contract of employment, for the staff member concerned and ensure that either the rate of pay, or the contract, is amended to the correct value.</p>	High	This is in the process of being actioned.

I *Periodic bank account reconciliations were properly carried out during the year.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
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1	There a bank reconciliation for each account (Interim)	No	<p><i>It was noted that the Council is operating a bank account for youth services which is not recorded in the Council accounting system. The practice is the transfers to that account, from other Council accounts, have been recorded as payments and that transactions on this account, and the current bank balance is not recorded.</i></p> <p><i>It is understood that this account operates using a debit card issued to one member of staff and that this is a longstanding arrangement.</i></p>	<p>The Council to note the one bank account is operated outside of the Councils accounting system.</p> <p>The Council to review transactions on this account and verify whether they are in accordance with Council approvals.</p> <p>The Council to ensure that, as a priority, this bank account is brought into the Council accounting system and that transactions on this account are properly recorded and reported.</p>	High	This has been actioned.
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(For local councils only)

O Trust funds (including charitable) – The council met its responsibilities as a trustee

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Trust income and expenditure has been transacted through a separate bank account in the name of the Trust and has not been recorded in Councils accounts	N/A	<p><i>The Town Council does not act as a Sole Trustee, however it does operate a Mayors Charity. It is not currently practice for the annual statement of the Mayors Charity, setting out income and expenditure, to be reported to Council.</i></p>	<p>The Council should consider introducing a process whereby a summary account of the income and expenditure of the Mayors Charity is formally reported to Council, for their information, each year.</p> <p>The Council to consider whether, as good practice, the annual statement of income and expenditure of the charity should be published on the Councils website.</p>	Medium	It is suggested that Council receive an annual summary of the income and expenditure for the Mayors Appeal Fund (unregistered charity) at the end of each Mayoral year. Members comments are invited.

Houghton Regis Town Council
Financial Year 2024-25

Year End Internal Audit Observations



IAC Audit and Consultancy Ltd

Audit date: 6 June 2025

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	Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions.	No	<i>Accounting Statements Box 4 value does not agree to total payments of Salaries, Wages and Pensions. It appears that the value computed for Box 4 does not include the balance on nominal code 4005 Staff Overtime.</i>	The Council to note the difference between the draft Accounting Statements Box 4 value and the value computed by the Internal Auditor. The Council to review the computation and, if appropriate, amend the Box 4 value.	High	Upon receipt of the IA comments, further work was undertaken on the draft Accounting Statements including Box 4. The figure for Box 4 now accords with the IA's computed value.

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>From a review of Minutes it was not possible to verify that the asset register, and any additions and disposals, has been subject to review by Council.</i>	The Council should formally review the asset register, and approve any additions and disposals, each year prior to the approval of the Accounting Statements.	High	The Town Council considered the asset register including additions and disposals at its meeting on 17th March 2025. A copy of the agenda and minutes are on the Council's website.

I *Periodic bank account reconciliations were properly carried out during the year.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Year End bank reconciliations have been signed and dated as evidence of independent review.	No	<i>The Year End bank reconciliations have not been signed and dated as evidence of independent review.</i>	Prior to the Council's approval of the Accounting Statements the year end bank reconciliations should be subject to review and signed and dated as evidence of this review.	Medium	The bank reconciliations covering year end were presented to Corporate Services Committee on 9th June 2025.

2	Year end bank reconciliation agrees to Box 8 of the Accounting Statements	No	<i>The Year End bank reconciliation provided does not agree to Box 8 of the Accounting Statements. The difference of £200 appears to relate to the balance on the Clerks Imprest Account written off during the year but is still included on the bank reconciliation.</i>	Council to review the computation of the Box 8 value and agree it to the Councils accounting records and bank reconciliation.	High	Upon receipt of the IA comments, further work was undertaken on the draft Accounting Statements including Box 8. The figure for Box 8 now accords with the IA's computed value.
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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	The Accounting Statements Box 5 value agrees to total payments of Principal and Interest on loans.	No	<i>The Accounting Statements Box 5 value does not agree to total payments of Principal and Interest on loans. It appears the value stated does not include the balance on nominal code 4066 - 'Loan payments - Tithe Farm Pav'.</i>	Council to review the Box 5 value stated and agree it to the value of payments (of Principal and Interest) made during the year.	High	Upon receipt of the IA comments, further work was undertaken on the draft Accounting Statements including Box 5. The figure for Box 5 now accords with the IA's computed value.
2	Audit Extended Trial Balance agrees to draft Accounting Statements	No	<i>The Internal Audit Extended Trial Balance does not agree to the draft Accounting Statements. It was not possible to agree the values stated for Boxes 4, 5, 6 and 7.</i>	Council to review the values stated in the draft accounting statements to ensure that they agree to the Councils accounting records	High	Upon receipt of the IA comments, it was clarified to the IA that an adjustment was made for an additional prepayment for the Civic Service totalling £732.62 as the event was being held in 25/26. The IA had based his assessment on data provided prior to this adjustment.
3	Prior year numbers reported on this years Accounting Statements agree to prior year Accounting Statements	No	<i>The prior year numbers of this year's Accounting Statement do not agree to those stated on the previous years Accounting Statements. There is a difference on the value stated in Box 10.</i>	Council to review the prior year values stated in the draft accounting statements to ensure that they are correct.	High	Upon receipt of the IA comments, further work was undertaken on the draft Accounting Statements including the prior year values. The figure stated in Box 10 in 2023/24 was incorrectly stated at £686,557, the correct figure was £686,554. This figure is re-stated in Section 2 for 2023/24.

Houghton Regis Town Council

Internal Audit Summary for the year 2024-25

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

Audit 1 Date: 20/11/2024
Audit 2 Date: 02/04/2025
Year End Audit Date: 06/06/2025



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.	1	0	0	1	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.	3	0	4	3	0	0	39	2	1	0
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	1	0	0	1	0	0	11	1	2	0
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	3	0	2	1	0	0	13	2	2	0
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	0	0	1	0	0	0	20	0	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.	1	0	2	0	0	0	16	2	7	0
H	Asset and investments registers were complete and accurate and properly maintained.	1	0	1	0	0	0	7	1	3	0
I	Periodic bank account reconciliations were properly carried out during the year.	2	0	2	1	0	0	11	3	2	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.	4	0	3	1	0	0	6	3	2	0
K	If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 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	1	1	0	7	N/A

2024-25 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	The authority, during the previous year (2023/24) 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	0	0	5	0	0	0
N	The authority has complied with the publication requirements for 2023/24 AGAR (see AGAR Page 1 Guidance Notes).	0	0	0	0	0	0	7	0	1	0
O	(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A
Total		24	0	15	8	0	1	151	14	43	0