



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

7th June 2023

Dear Clare,

Report on Internal Audit carried out on 25 April 2023

An audit was carried out by Kevin Rose on Tuesday 25 April 2023. This was the Year End audit following on from the Interim Internal Audit carried out on 21 February 2023.

The audit was undertaken using our standard IAC Audit Checklist, used for all Local Councils, which has 198 items. A total of 61 items were tested during this audit. Including the items tested during the Interim Internal Audit visit a total of 149 items have been checked during the financial year a further 49 items on the standard Checklist were checked and confirmed as being Not Applicable to your Council. There were no items unchecked at the year end.

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), and accounting Statements (Box J).

Of the 61 items tested during this audit a Positive response was obtained in respect of 54 tests. There were 7 Negative responses identified, details of which are set out in the attached Year End Internal Audit Observations. A detailed breakdown of our audit testing and Responses is set out in the attached Year End Internal Audit Summary.

You will note from the signed statutory report that I have not given a Negative response for Internal Control Objective M although I did raise an Observation at the Interim audit that the External Auditors Report had not been published on the Councils website by the 30th September as required by law. The report has now been published on the Councils website and I understand that the Council will ensure that it fully complies with this requirement in future.

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

Yours sincerely,

A handwritten signature in black ink that reads "K. Rose". The signature is written in a cursive style with a large, looped initial "K" and a smaller "R" for "Rose".

Kevin Rose ACMA
Director

Houghton Regis Town Council

Interim Audit Date: 21/02/2023



Internal Audit Summary 2022-23

Year End Audit Date 25/04/2023

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

Internal Control Objective	Negative Analysis					Responses				Recommendations	
	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	6	0	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.	0	2	1	1	0	31	3	5	0	4
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	0	0	1	0	0	10	2	0	0	1
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	1	0	0	13	0	2	0	1
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	0	1	2	0	0	13	2	10	0	3
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	9	0	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	2	0	0	0	15	2	8	0	2
H	Asset and investments registers were complete and accurate and properly maintained.	0	0	1	0	0	8	1	2	0	1
I	Periodic bank account reconciliations were properly carried out during the year.	0	0	2	0	0	11	2	3	0	2
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	1	1	0	0	7	2	2	0	2
K	If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	N/A	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	7	N/A	N/A

2022-23 Internal Audit Houghton Regis Town Council

Internal Control Objective		Negative Analysis					Responses				Recommendations
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
M	<i>In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	0	0	0	0	0	5	0	0	0	0
N	<i>The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).</i>	1	0	0	0	0	6	1	1	0	1
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	6	N/A	N/A
Total		<u>1</u>	<u>6</u>	<u>9</u>	<u>1</u>	<u>0</u>	<u>134</u>	<u>15</u>	<u>49</u>	<u>0</u>	<u>17</u>

Houghton Regis Town Council

Internal Audit Detailed Analysis 2022-23

Interim Audit Date: 21/02/2023

Year End Audit Date 25/04/2023



Internal Control Objective	Negative Analysis					Responses				Recommendations
	Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
A <i>Appropriate accounting records have been properly kept throughout the financial year.</i>	0	0	0	0	0	6	0	0	0	0
<i>Accounting system</i>	0	0	0	0	0	3	0	0	0	0
<i>Record keeping</i>	0	0	0	0	0	2	0	0	0	0
<i>Minutes</i>	0	0	0	0	0	1	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0	0		0
B <i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	0	2	1	1	0	31	3	5	0	4
<i>Financial Regulations & Standing Orders</i>	0	0	0	0	0	10	0	0	0	0
<i>RFO</i>	0	0	0	0	0	4	0	0	0	0
<i>Powers</i>	0	0	0	0	0	2	0	0	0	0
<i>Payment Controls</i>	0	1	0	1	0	4	2	2	0	2
<i>Expenditure Controls</i>	0	0	1	0	0	2	1	0	0	1
<i>VAT Compliance</i>	0	0	0	0	0	2	0	0	0	0
<i>Credit/Debit Cards</i>	0	0	0	0	0	3	0	0	0	0
<i>Tenders</i>	0	1	0	0	0	3	0	0	0	1
<i>Grants</i>	0	0	0	0	0	1	0	1	0	0
<i>Other</i>	0	0	0	0	0	0	0	0		0
C <i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	0	0	1	0	0	10	2	0	0	1
<i>Risk</i>	0	0	0	0	0	3	1	0	0	0
<i>Minutes</i>	0	0	0	0	0	2	0	0	0	0
<i>Insurance</i>	0	0	1	0	0	2	1	0	0	1
<i>Internal Controls</i>	0	0	0	0	0	2	0	0	0	0
<i>Other</i>	0	0	0	0	0	1	0	0		0
D <i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i>	0	0	1	0	0	13	0	2	0	1
<i>Budget & Precept setting</i>	0	0	0	0	0	6	0	0	0	0
<i>Auditors Reports</i>	0	0	0	0	0	3	0	0	0	0
<i>Accounting Statements</i>	0	0	0	0	0	0	0	0	0	0
<i>Budget monitoring</i>	0	0	0	0	0	1	0	0	0	0
<i>Reserves</i>	0	0	1	0	0	2	0	2	0	1
<i>Other</i>	0	0	0	0	0	1	0	0		0
E <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	0	1	2	0	0	13	2	10	0	3
<i>Investments</i>	0	1	1	0	0	4	2	0	0	2
<i>Fees & Charges</i>	0	0	0	0	0	3	0	0	0	0
<i>Leases</i>	0	0	0	0	0	0	0	2	0	0
<i>Debt control</i>	0	0	1	0	0	1	0	0	0	1

2022-23 Internal Audit Houghton Regis Town Council

	Billing & Collection	0	0	0	0	0	2	0	2	0	0
	Precept	0	0	0	0	0	1	0	0	0	0
	Cash income	0	0	0	0	0	0	0	3	0	0
	VAT Compliance	0	0	0	0	0	2	0	3	0	0
	Other	0	0	0	0	0	0	0	0	0	0
F	<i>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>	0	0	0	0	0	9	0	0	0	0
	Accounting	0	0	0	0	0	3	0	0	0	0
	Payment controls	0	0	0	0	0	3	0	0	0	0
	Reimbursement	0	0	0	0	0	2	0	0	0	0
	Reporting	0	0	0	0	0	1	0	0	0	0
	Other	0	0	0	0	0	0	0	0	0	0
G	<i>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</i>	0	2	0	0	0	15	2	8	0	2
	Contracts	0	1	0	0	0	2	1	0	0	1
	PAYE	0	0	0	0	0	3	0	1	0	0
	Deductions	0	0	0	0	0	1	0	0	0	0
	Pension	0	0	0	0	0	2	0	0	0	0
	Members Allowances	0	0	0	0	0	0	0	6	0	0
	Accounting	0	1	0	0	0	1	1	0	0	1
	Changes to terms and conditions	0	0	0	0	0	0	0	1	0	0
	Payroll Approval	0	0	0	0	0	2	0	0	0	0
	Overtime	0	0	0	0	0	2	0	0	0	0
	Other	0	0	0	0	0	2	0	0	0	0
H	<i>Asset and investments registers were complete and accurate and properly maintained.</i>	0	0	1	0	0	8	1	2	0	1
	Asset Register	0	0	0	0	0	2	0	0	0	0
	Additions & Disposals	0	0	0	0	0	3	0	0	0	0
	Verification	0	0	1	0	0	0	1	0	0	1
	Accounting	0	0	0	0	0	1	0	0	0	0
	Investments & Loans	0	0	0	0	0	2	0	2	0	0
	Other	0	0	0	0	0	0	0	0	0	0
I	<i>Periodic bank account reconciliations were properly carried out during the year.</i>	0	0	2	0	0	11	2	3	0	2
	Preparation	0	0	0	0	0	4	0	0	0	0
	Review	0	0	1	0	0	4	1	0	0	1
	Cash balances	0	0	0	0	0	1	0	3	0	0
	Accounting	0	0	1	0	0	2	1	0	0	1
	Other	0	0	0	0	0	0	0	0	0	0
J	<i>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.</i>	0	1	1	0	0	7	2	2	0	2
	Accounting basis	0	0	0	0	0	1	0	0	0	0
	Prior year	0	0	1	0	0	0	1	0	0	1
	Current Year	0	0	0	0	0	1	0	0	0	0
	Creditors	0	0	0	0	0	1	0	0	0	0
	Accounting Statements	0	1	0	0	0	2	1	1	0	1
	Stocks	0	0	0	0	0	0	0	1	0	0

2022-23 Internal Audit Houghton Regis Town Council

	<i>Debtors</i>	0	0	0	0	0	1	0	0	0	0
	<i>PWLB</i>	0	0	0	0	0	1	0	0	0	0
	<i>Other</i>	0	0	0	0	0	0	0	0	0	0
K	<i>If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>	0	0	0	0	0	0	0	3	0	0
	<i>Council Resolution</i>	0	0	0	0	0	0	0	1	0	0
	<i>Criteria</i>	0	0	0	0	0	0	0	1	0	0
	<i>Publication</i>	0	0	0	0	0	0	0	1	0	0
	<i>Other</i>	0	0	0	0	0	0	0	0	0	0
L	<i>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.</i>	0	0	0	0	0	0	0	7	0	0
	<i>Expenditure publication</i>	0	0	0	0	0	0	0	1	0	0
	<i>AGAR publication</i>	0	0	0	0	0	0	0	3	0	0
	<i>Member responsibilities</i>	0	0	0	0	0	0	0	1	0	0
	<i>Assets publication</i>	0	0	0	0	0	0	0	1	0	0
	<i>Publication of Minutes</i>	0	0	0	0	0	0	0	1	0	0
	<i>Other</i>	0	0	0	0	0	0	0	0	0	0
M	<i>The authority, during the previous year (2019-20) 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	5	0	0	0	0
	<i>Publication</i>	0	0	0	0	0	1	0	0	0	0
	<i>Commencement</i>	0	0	0	0	0	1	0	0	0	0
	<i>Duration</i>	0	0	0	0	0	2	0	0	0	0
	<i>Minutes</i>	0	0	0	0	0	1	0	0	0	0
	<i>Other</i>	0	0	0	0	0	0	0	0	0	0
N	<i>The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).</i>	1	0	0	0	0	6	1	1	0	1
	<i>Publication</i>	1	0	0	0	0	3	1	1	0	1
	<i>Approval</i>	0	0	0	0	0	3	0	0	0	0
	<i>Other</i>	0	0	0	0	0	0	0	0	0	0
O	<i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	0	0	0	0	0	0	0	6	0	0
	<i>Meetings</i>	0	0	0	0	0	0	0	2	0	0
	<i>Accounting</i>	0	0	0	0	0	0	0	2	0	0
	<i>Statutory Returns</i>	0	0	0	0	0	0	0	2	0	0
	<i>Other</i>	0	0	0	0	0	0	0	0	0	0

Total **1** **6** **9** **1** **0** **134** **15** **48** **0** **17**

Houghton Regis Town Council
Financial Year 2022-23



Audit date: 25 April 2023

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	Assets included in the assets register are covered under the Council's insurance policy	No	<i>The Council's asset register includes the Memorial Hall which, it is understood, is managed by a Charity. The Hall is not listed as an asset on the Council insurance policy and it is understood that Hall is insured through the Trustees Management. A copy of the current insurance of the asset was not provided to the auditor.</i>	<p>The Council to provide the auditor with a copy of the insurance confirming that the building is currently insured.</p> <p>The Council to review the level of insurance cover in place on the Memorial Hall to ensure that it is adequate.</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	<i>It was noted that one member of staff had been paid the incorrect monthly pay. It appears that this may have been for the entire year.</i>	The Council to review the salaries paid and verify whether they are correct.	High	
2	Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions	No	<i>It was noted that the value stated in Box 4 of the draft Accounting Statements was not correct as it did not include the balance of £12,247.48 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	Continuing existence and condition of assets is checked on a regular basis (when was last check?)	No	<i>It is unclear when the Council last undertook a formal review and verification of its assets.</i>	The Council should put in place a process for the regular review and verification of its assets. Assets of a high value or which may be particularly vulnerable should be subject to verification at more frequent intervals.	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been signed and dated as evidence of independent review (Year End)	No	<i>As at the date of the audit the year end bank reconciliation had not been subject to independent review.</i>	Prior to the approval of the Accounting Statements the year end bank reconciliation and supporting bank statements should be subject to formal review and signed as dated as evidence of this review.	Medium	
2	Year end bank reconciliation agrees to Box 8 of the Accounting Statements	No	<i>It was noted that the "Bank - Cash and Investment Reconciliation as at 31 March 2023" report provided includes the £600,000 balance held in the CCLA property fund. This is not a component of Box 8, it is recorded in Box 9 Total Fixed Assets.</i>	Council to note that the balance stated on the Cash and Investment Reconciliation does not agree to the Box 8 value.	Medium	

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	Audit Extended Trial Balance agrees to draft Accounting Statements	No	<i>It was noted that there were differences in the values calculated for Box 3 Other income (the auditors value is £4,000 higher) and the Box 4 expenditure (see comments in G above).The balancing difference was on Box 6 so the Box 7 value agrees.</i>	Council to review the values stated in the draft accounting statements to ensure that they agree to the Councils accounting records. (A copy of the auditors computations was provided to the Town Clerk).	High	

Houghton Regis Town Council Financial Year 2022-23



IAC Audit and Consultancy Ltd

Audit date: 25 April 2023

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	Assets included in the assets register are covered under the Councils insurance policy	No	<i>The Council's asset register includes the Memorial Hall which, it is understood, is managed by a Charity. The Hall is not listed as an asset on the Council insurance policy and it is understood that Hall is insured through the Trustees Management. A copy of the current insurance of the asset was not provided to the auditor.</i>	<p>The Council to provide the auditor with a copy of the insurance confirming that the building is currently insured.</p> <p>The Council to review the level of insurance cover in place on the Memorial Hall to ensure that it adequate.</p>	Medium	A request has been made to the Memorial Hall Management Committee to provide insurance details. Once received this will be forwarded to the Internal Auditor. Anticipated July 2023 and annually will be available going forwards.

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	<i>It was noted that one member of staff had been paid the incorrect monthly pay. It appears that this may have been for the entire year.</i>	The Council to review the salaries paid and verify whether they are correct.	High	This review is currently underway any identified discrepancies will be rectified. Anticipated September 2023.
2	Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions	No	<i>It was noted that the value stated in Box 4 of the draft Accounting Statements was not correct as it did not include the balance of £12,247.48 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	This has been addressed and the draft Accounting Statements Box 4 has been amended accordingly and is presented correctly. No further action required.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Continuing existence and condition of assets is checked on a regular basis (when was last check?)	No	<i>It is unclear when the Council last undertook a formal review and verification of its assets.</i>	The Council should put in place a process for the regular review and verification of its assets. Assets of a high value or which may be particularly vulnerable should be subject to verification at more frequent intervals.	Medium	The council has confirmed a definition of an asset. Work is currently being undertaken to review and update the asset register. Once completed a report will be presented to Council. Anticipated December 2023.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been signed and dated as evidence of independent review (Year End)	No	<i>As at the date of the audit the year end bank reconciliation had not been subject to independent review.</i>	Prior to the approval of the Accounting Statements the year end bank reconciliation and supporting bank statements should be subject to formal review and signed as dated as evidence of this review.	Medium	The year end bank reconciliation has been completed. It will be presented to Corporate Services Committee at the next meeting for review and signature. Anticipated September 2023 (next scheduled meeting).
2	Year end bank reconciliation agrees to Box 8 of the Accounting Statements	No	<i>It was noted that the "Bank - Cash and Investment Reconciliation as at 31 March 2023" report provided includes the £600,000 balance held in the CCLA property fund. This is not a component of Box 8, it is recorded in Box 9 Total Fixed Assets.</i>	Council to note that the balance stated on the Cash and Investment Reconciliation does not agree to the Box 8 value.	Medium	The CCLA property fund balance is allocated in the accounts software as a bank balance. Going forwards it will be allocated as an investment. The balance is correctly shown on the Annual Return. For 2022/23 to note that the balance stated on the Cash and Investment Reconciliation does not agree to the Box 8 value. To be actioned for the 23/24 audit.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
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1	Audit Extended Trial Balance agrees to draft Accounting Statements	No	<p><i>It was noted that there were differences in the values calculated for Box 3 Other income (the auditors value is £4,000 higher) and the Box 4 expenditure (see comments in G above). The balancing difference was on Box 6 so the Box 7 value agrees.</i></p>	<p>Council to review the values stated in the draft accounting statements to ensure that they agree to the Councils accounting records. (A copy of the auditors computations was provided to the Town Clerk).</p>	High	<p>This has been addressed and the draft Accounting Statements has been amended accordingly and is presented correctly. No further action required.</p>
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The Clerk
Houghton Regis Town Council
Council Offices
Peel Street
Houghton Regis
Bedfordshire
LU5 5EY

07-Jun-23

Explanation of "Not Covered" responses

Further to our Internal Audit of your Council for the financial year 2022/23 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 2021/22 financial year.*
- *The reason for the Not Covered response for Objective L as your 'annual turnover' exceeds £25,000 and you are therefore not subject to the publication requirements of the Transparency Code.*
- *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,



Kevin Rose ACMA
Director