# MICHELLE FEASEY & CO LTD

## STAMFORD TOWN COUNCIL

## ANNUAL INTERNAL AUDIT REPORT

## YEAR ENDED 31st MARCH 2025

Michelle Feasey
Internal Auditor
18th May 2025

# STAMFORD TOWN COUNCIL

# Internal Auditor's Report

# Year ended 31 March 2025

**Introduction**
I have carried out the internal audit of Stamford Town Council for the year ended 31 March 2025

**Internal Audit Opinions**
Unqualified internal audit opinions have been issued on the 14 relevant areas prescribed by the Annual Internal Audit Report included on the Annual Governance and Accountability Return (AGAR) (Form 3) which is required to be submitted by the Town Council to the external auditors PKF Littlejohn LLP.  The summary that follows is broadly in line with those 14 areas.

**Summary**

**Appropriate Books of Account**
*Appropriate accounting records have been properly kept throughout the financial year*

The computerised Cash Book from the SAGE accounting package has been kept up to date through the year and was accurate in its compilation.

Reconciliations are carried out on a monthly basis which proved that the records were all in order.  Similarly, the yearend accounts were also balanced off successfully.

The use of SAGE accounting package is now firmly embedded in the Town Council's processes and staff have adapted well to its usage and continue to gain experience with it. Scanning of invoices has started, and these are now added to transactions.  As part of an overall review of the reporting procedures following the Council elections in May, new reports are now being used, and council staff continue to gain knowledge and expertise in the use of SAGE to assist in the management of the council

**The town Council's Standing Orders / Financial Regulations**
*This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*

The Town Council has in place Standing Orders and Financial Regulations which have been approved by full Town Council and are reviewed on a regular basis in line with NALC recommendations.  This is good practice.

The Town Clerk (Sarah Dorson) is the Responsible Financial Officer (RFO) of the Council and is identified as such in the financial Regulations.  She was appointed interim Town Clerk and

Responsible Financial Officer on the 31st March 2024, and following a recruitment process was appointed to the role on the 1st August 2024. The existing Contracts of Employment/Job Descriptions for all staff are reviewed on a regular basis as and when necessary. The Town council has appointed Peninsula Group Limited to manage their HR (through Bright HR), and Health and Safety.  This has been a positive experience to date, providing valuable professional HR support.

The Town Council have a good record of approving its expenditure and a detailed review shows payments are supported by valid trade invoices.  As to the approval of S137 payments applications for such payments are normally discussed in the meetings based on information giving full details behind the request for grant aid.  Such payments are separately recorded in the Accounts, as is required, and to enable compliance with the statutory limit to be observed.  The payment schedule is reviewed monthly by two Councillors, who pick a random selection of transactions, between 10 and 25 (depending on the number of transactions), and review all supporting documentation, including the original PO, Council minutes, invoice and Bank payment advice, where available.

VAT is analysed appropriately in the Cash Book and reimbursement has been received for the periods 1 April 2024 to 30 June 2024, 1st July 2024 to 30th September 2024, 1st October 2024 to 31st December 2024.  A refund has been submitted for the period 1 January 2025 to 31 March 2025  in the sum of £21,992.43 has been submitted and was received after the end of the financial period. So all claims are up to date.  Payment is normally approved promptly by HM Revenue and Customs.

**Risk Assessment**

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

The town Council are aware of its role in carrying out and updating its risk assessment procedures on an annual basis.  These are kept under review and produces such as playground inspections by an independent ROSPA company are regularly carried out. Regular inspections are made of the various Allotment sites and the Town Council's Cemetery.  This is all good practice.

In addition, the insurance and property values are reviewed annually by virtue of index linked insurance policies, a full valuation of the Town hall assets has taken place.  As part of the regular review of assets, the Council is reviewed and amended it's Fixed asset policy, as a result a comprehensive review of items included on the Fixed Asset register has taken place, together with a review of the valuations included.  Due to the complex nature of the assets and the insurance risks associated with them, a meet was held with the insurance broker during the year to go through in detail the insurances policies in place, to ensure the Town Council is adequately covered, and to confirm that all assets, especially property, were included on the relevant insurance policy.  This type of regular detailed review is good practice.

Internal Control risks within the office environment are reviewed as far as possible within the small office by the appropriate separation of duties and by the involvement of members on various Committees.  In addition, the Town Council also have an appointed Finance Committee, and Assets Committee.

Supporting this is the fact that the Town Council have an internal Auditor in post.

**Budgetary Controls**
*The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.*

The Finance Committee of the Town Council prepares a budget during the October – December period which is then submitted to the following meeting of the full Town Council for member's final approval.  Each committee is responsible for its own budget and managing this during the year.  This process is satisfactory.
Reporting of income and expenditure against the budget is presented to members at each committee meeting and action taken when and if any variances occur.
Monitoring the income and expenditure, and also the regular review of outstanding Purchase and Sale orders in this manner is good practice.  The SAGE accounting package also assists the procedure of monitoring the Town Council's finances.

Reserves held by the Town Council as at 31 March 2025 stand at £683,241 compared to the opening balance of £682,967.  As part of the  Budget and Precept setting process, a review of how the reserves are recorded and presented took place.  It was felt that the previous system was quite confusing, and suggested that the Council had more available reserves than it did, especially when taking into account the requirement under 5.35 & 5.35 in the JPAG practitioners guide to have 3 months running costs in reserve. A clear reporting is now in place. The current figure includes a small amount of earmarked reserves which were previously allocated over various projects and are still ongoing.  Any outstanding projects will be actioned in the current year as per the detailed schedule maintained by the Clerk/Responsible Finance Officer.  It is important with earmarked reserves that these are regularly reviewed to ensure the projects come to fruition in due course or whether the money should be returned to the general balances. This updated method of recording and allocation is simpler and more transparent. The level of Reserves is therefore considered to be at a satisfactory level.

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

Aside from the Precept (£796,562), levied by South Kesteven District Council (SKDC), the main income to the Town Council this year is from the:

- Rent of Allotment land £13,723  (2023-24 £19,612)
- The main funding was received from SKDC in respect of the assets transferred in 2023-24, a small amount of £2,835 (2023-24 £124,982)
- Cemetery income £50,369 (2023-24 £49,641)
- Town Hall letting fees £34,227 (2023-24 £31.424)

- Programmed events £7,149 (2023-24 £7,778)
- Events £8,990 (2023-24 £14,506)
- Amenities £4,026 (2023-24 £310)

Income from events, town hall hires and other sources is now steady, and provides a regular income stream to help support the Town Hall's work, and supplement the annual precept.

As regards interment, memorial and grant of exclusive plot rights, income from these is paid both directly from those purchasing the plots, and passed over by Undertakers on a regular basis.

Smaller items of income arise from bank interest etc. especially with the investment of £250,000 with The CCLA Public Sector Deposit Fund which provides a better rate of return than the normal Big Five banks, this income stream increased in the year, although with the fall in interest rates this is expected to reduce next year. Investment returns are under regular review by the Finance Committee, who are in the process of updating the Investment policy to ensure the correct balance of risk and return is maintained. A regular review of these policies is good practice.

Reimbursement of VAT by HM Revenue & Customs has been referred to earlier in this report.

**Petty Cash Controls**
*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*

Petty cash payments are relatively small, well recorded and referenced to the appropriate voucher. An imprest system is in force to replenish the holding from time to time back up to the appropriate limit. The number of transactions is small, however, an updated system has been implemented in the year, requiring two staff to sign proof of any expenditure, and cash withdrawn from the bank, plus the monthly cash tin count. Any cash withdrawn from the bank is also checked by a Councillor as part of the monthly review procedures.

**Payroll Controls**
*Salaried to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.*

The Town Council approves the salaries and wages of its staff in accordance with the National Association of Local/Town Council (NALC) Circulars and the National Living Wage. These were agreed accordingly. The payroll is produced externally by A&K Associates from the information supplied.

Deduction of PAYE and NIC are applied and paid over to HM Revenue and Customs on a monthly basis as also are the Pension deductions payable to the appropriate pension fund.

**Asset Controls**
*Asset and investment registers were complete and accurate and properly maintained.*

The Town Council maintain an asset register which values assets both at their original cost, together with any updated insurance or revalued amount. A valuation of all assets was required by the current insurers, and this was carried out during the year, and the Asset Register has been updated in line with those valuations. However, in 2023-24 a number of properties were transferred by SKDC to the Town Council for £1, these included sports fields, and associated buildings, together with several buildings of historic significance to the Town. In light of the significant change to the Council's property portfolio, a review will be undertaken during 2025-26 to establish the realisable value of the portfolio and amend the valuations declared. Therefore, the value of the property portfolio has not been updated as at 31st March 2025, and all values are as declared at 31st March 2024. The total of the Asset Register provides an audit trail to accord with Box 9 Section 2 of the Annual Governance and Accountability Return.

**Year End Procedures**
*Accounting Statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed with the cash book, supported by and adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.*

The Council's SAGE accounting package produces the required figures on an Income and Expenditure basis, to ensure the final figures on the Annual Governance and Accountability Return to be supported. The recording of Debtors and Creditors is carried out appropriately.

**Exercise of Public Rights**
*The authority has demonstrated that during summer 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.*

The authority complied with all the legal requirements that were required as regards the exercise of public rights in respect of the Town Council's accounts.

**Trust funds**
*The Council met its responsibilities as a trustee.*

The accounts in respect of the Mayor's Charity were examined and found to be satisfactory. These transactions do not form part of the Town Council's accounts.

The Council are also the Trustees of the Skells Estate Trust, the accounts of which are independently examined by an external firm. These transactions do not form part of the Town Council's accounts.

**Other Risk Areas**

The year 2023-24 was a year of transition for Stamford Town Council, with a significant change in the Councillors following both the May elections, and several other changes later in the year. As well as this, the transfer of assets from SKDC, and at the very end of the year, the retirement of the Town Clerk, and the appointment of Sarah Dorson as Acting Town Clerk were all be seen as areas of risk. During 2024-25 further changes in Councillors occurred, including the resignation of the Chair of the finance committee. However, the Council and its staff have managed these changes well, ensuring that procedures have been reviewed, and where appropriate updated, seeking advice from 'Gold Standard Councils'. This review has been handed well and has resulted in improved procedures and policies.

**Acknowledgement**

May I thank the Town Council's Clerk/Responsible Finance Officer, Sarah Dorson for her kind help and assistance during the course of the 2024-25 audit. It is very much appreciated.

Michelle Feasey
Internal Auditor
18th May 2025