Ashburton Town Council
Financial Year 2024-25

Year End Internal Audit Observations

IAC Audit and Consultancy Ltd

Audit date: 2 June 2025

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	Has the Council formally Minuted confirmation of bank signatory arrangements?	No	*Minutes of the Council meeting of April 2024 record a change of bank signatories, but the Minutes do not record who the signatories removed and added were.*	Council to formally review and approve a listing of bank signatories and the banking mandate to apply, for example 'any two to sign'. A copy of this approved listing to be retained and made available for audit purposes.	Medium	We were unaware of this requirement. Due to forthcoming staffing changes, Financial regulations will be amended to reflect personal relationship of Clerk and Deputy Clerk. It is recommended that neither countersign approvals for payment. This is due to be reviewed in July and the names of the signatories be re- stated within the September Full Council minutes once completed. Ongoing, this will be undertaken annually at the Annual Meeting.
2	Can bank payment transactions be traced to source documents ? (Year End)	Yes	*It was noted that the payments approved in January were not included 'within or as an attachment to MInutes' as required by the Councils financial regulations.*	The Council to ensure that it always approves payments as required by its regulations. The Council to retrospectively approved the January payments and include those with the Minutes as required by financial regulations.	Medium	All Payment for Approval are reviewed monthly at Finance Committee. Council to document all approved expenditure retrospectively. Payments for Approval list will always be included as an Appendix or fully described in the minutes.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Council has returned to IAC completed Internal Audit Observations spreadsheets from prior audit(s)	No	*The Council has not provided its response to the Internal Audit Observations from the previous audit and returned it to IAC.*	Council to provide its comments on the previous Internal Audit Observations.	Medium	Observations were noted at Full Council (minute 175.24) but we will ensure our responses are returned to the IA for his files.

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	*It was not possible to agree the monthly salary paid to two members of staff. This appears to be due to the incorrect calculation of the new hourly rate resulting from the national pay award.*	The Council to review the salaries paid and verify whether they are correct.	High	Our current payroll provider was provided all the relevant details of the pay award and the correct proportionality. They have been contacted and asked to clarify their calculation used. Any overpayments will be calculated and will be rectified via salary adjustments following consultation with staff affected .
2	Tax and National Insurance have been appropriately accounted for on Members Allowances	No	*It was noted that during the year the Council reimbursed expenses for the former mayor, the nature which qualify as taxable 'earnings' for income tax purposes (HMRC offer only very limited exceptions to this rule).* *Under a normal employment relationship any expenses not permitted for tax purposes must be declared under a P11D return to HMRC.* *There is no provision, under the Members Allowances Regulations, for councillors to be provided such Benefits in Kind outside of the normal PAYE relationship.*	The Council review the costs reimbursed to the former mayor and consider whether it should submit a P11D return in respect of these expenses. The Council to note that the reimbursement of such expenses, which are not legitimate expenses under PAYE, are not specifically permitted under the Members Allowances Regulations. In future Council policy in respect of reimbursable expenses to Councillors should correspond to those permitted to employees. If it is necessary to provide specific items, such as a jacket for wearing the Mayoral Chain, this item should be purchased by the Council and retained as Council property.	High	Council will be advised to consider submiting a P11D return for the personal clothing items outside of the permitted expenses. These expenses were initially challenged (139.24F). A further change to the Mayor's Allowance policy will be required and, should any additional clothing apart for the jacket be required in future, this will only be provided via a Members Allowance though PAYE.
3	Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions.	No	*Accounting Statements Box 4 value did not agree to total payments of Salaries, Wages and Pensions. as it did not include the costs of a member of staff on a fixed term contract.*	This was resolved during the audit visit.	Low	The UKSPF post was recorded under the UKSPF Grant budget line and was re-coded to staffing at audit. All future posts paid though PAYE will be coded correctly.
4	For hourly paid staff a timesheet is maintained to record hours worked.	No	*For hourly paid staff a timesheet is not maintained to record hours worked.*	The Council to put in place a method to formally record the hours of work for hourly paid employees.	Medium	Hours worked for the UKSPF funded post were recorded via emails which were retained. In future for any such post, a timesheet will be issued.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments

1	Movement on asset register agrees to additions to disposals made in the year	No	*It was not possible during the audit visit to verify the specific items purchased and disposed of during the year to the change in the Box 9 value since 2024.*	Council to prepare a listing of the additions and disposals during the year and agree this to the change in the value of assets from prior year, This listing should be subject to formal review and approval by Council.	High	Whilst additions and disposals were presented to Finance in May 25, we were unaware that they needed to be specifically summarised for 24/25 finacial year. This information was re-presented correctly when resolved at Full Council (96.25) and will be recorded appropriately in future.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Cash floats & balances are supported with cashier's certificate (Year End)	No	*Cash floats & balances are not supported with a cashier's certificate*	Cash balances held should be supported with a cash statement stating the denomination and value of cash held. This should be signed and date by the cash custodian, and an independent person.	Medium	In future, each time cash is removed and banked from the Information Centre, the receipt will be verified to the Cash Sales Report in Zettle, signed by an officer and counter-signed by an independent witness. A cashier's certificate (a summary of these verified cash balances) will be produced for Year End.
2	Year end bank reconciliation agrees to Box 8 of the Accounting Statements	No	*It was noted that there was a £10 difference between the Box 8 value and the Bank Reconciliation. This was resolved during the audit visit with the support of the software supplier.*	Council to note.	Low	An inputting error of a cash payment in May was incorrectly inputted as a March transaction. This would have been highighted inreview of the May balance sheets, but was corrected at audit and noted for future reference.