

**Bridget.C.Bowen**  
**Chartered Accountant**



Bridget.C.Bowen FCA  
86 High Street  
Weston  
Bath BA1 4DD

Tel: 07465 416597

Email: [bridget.c.bowen@outlook.com](mailto:bridget.c.bowen@outlook.com)

Mc C Starkie  
Clerk to Shepton Mallet Town Council  
1 Park Road  
Shepton Mallet  
BA4 5BS

17 June 2020

Dear Charlotte

**SHEPTON MALLET TOWN COUNCIL**

**Internal audit report - Year ended 31 March 2020**

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

I am bound by the ethical guidelines of the Institute of Chartered Accountants of England and Wales. I confirm that I am independent of the Council.

The internal audit work I have carried out has been planned to enable me to give my opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2019-20 Annual Governance and Accounts Return.

I have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils - A Practitioners' Guide (England)' 2019
- The Accounts and Audit (England) Regulations 2015 (as amended).

My final internal audit visit for 2019-20 was on 12 June 2020 and I was assisted remotely by Tim Light FMAAT.

**Background**

Shepton Mallet Town Council has income and expenditure of between £400,000 and £500,000 and is subject to review by the external auditor, PKF Littlejohn. The Council's annual report from the external auditor for 2018-19 was clean with the exception of the

note that the Council had not fully complied with its responsibilities as a sole managing trustee in 2018-19.

The Council is the sole managing trustee of three local charities, the Shepton Mallet Cenotaph Charity, the Shepton Mallet Collett Park Charity and The Market Cross Charity.

As the Council has income and expenditure in excess of £200,000 it is considered good practice for the Council to comply with the Local Government Transparency Code 2015.

### **Internal audit checks**

I have undertaken a series of audit tests on the Council's financial records, vouchers, documents, minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Town Council's internal control framework. This internal audit report is based on the audit testing carried out at the visit.

During this visit I checked the following:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- Risk assessment
- Asset register
- Action taken on the recommendations in this report
- Year end checks

### **Findings**

Details of good practice noted, my recommendations and other matters to be brought to the Council's attention are set out below.

#### **Good practice**

- The Clerk is CiLCA qualified
- The Council maintains its books and records on RBS software
- All records were up to date and easy to follow
- The Council's Standing Orders and Financial Regulations are reviewed regularly and are tailored appropriately for the Council
- The Council has appropriate policies in place
- The Clerk is aware of the requirements of GDPR and the Council is registered with the ICO
- Bank reconciliations are prepared accurately and regularly
- All payment vouchers tested were evidenced as approved
- The payroll is operated by an independent external payroll provider
- The budgeting process is detailed and thorough and monitored throughout the year
- VAT claims are made regularly
- Action has been taken, or is underway on all of the recommendations in the last internal audit report

## **Recommendations**

### ***Risk assessment***

- The Council should review, update and adopt the risk assessment as soon as possible and in any event before 31 March 2021

### ***Asset register***

- The Council updates the asset register and includes the updated figure in Box 9 figure on the 2019 AGAR

### **Other matters to be brought to the Council's attention**

- The 2019 figures on the RBS Omega accounting system are slightly different to the figures on the AGAR that was published. The difference of £56 is trivial and is in Box 3 - other receipts, and Box 7 - the balance carried forward. The comparative figures on the AGAR should be used and an adjustment made to Box 3 of the 2020 figures to correct the difference and ensure the correct balance is carried forward in Box 7 for 2020.
- Box 4 - Staff costs currently include travel expenses. From 1 April 2020 this is no longer permitted according to the proper practices set out in the Practitioners' Guide. The Council may wish to consider amending Box 4 for 2019 and 2020. Alternatively it is permissible to make the change in 2020-21 and restate the 2020 comparative on next year's AGAR.
- Not all the April 2020 minutes were on the Council's website.
- Some expenditure in March 2020 had been omitted from the payment schedule that was taken to Council. I acknowledge that this was because of the extraordinary conditions in place as a result of the Covid-19 crisis.
- The Annual Internal Audit Report was completed with positive responses to all relevant objectives with the exception of objective C relating to the adoption of the risk assessment during the year.

## **Conclusion**

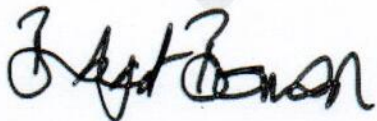
Based on the tests I have carried out at this internal audit visit, in my view, the internal control procedures in operation are adequate to meet the needs of Shepton Mallet Town Council.

## **Next Steps**

This report should be noted and taken to the next meeting of the Town Council. The Council should decide what action will be taken on the recommendations I have made.

Kind regards

Yours sincerely



Bridget Bowen FCA

Internal auditor