APPENDICES FULL COUNCIL 30.06.2025

APPENDICES

4
AUDIT 2025

PURPOSE OF REPORT

To give Councillors an update on the progress of the 2024- 2025 audit and to ask the Chair of the meeting to sign of the Annual Return Form

BACKGROUND

- The internal audit was conducted on Friday 20th June. The results are included here for Council scrutiny
- A lot of background work has gone in to making 2024-2025 as right as possible. The first half of the year has a lot of missing data, invoices and payments. The bank reconciliation has been done as best as possible using all the available data.
- The internal audit will be 2 months earlier than last year - a significant improvement.
- Notice of public rights and publication will be on time for the first time in 3 years and can be completed tomorrow (01.07.2025)
- New processes have been put in place by the Clerk and the RFO to insure compliance on future audits including monthly bank reconciliations and signing off by the Corporate Committee chair of all payments made by the Council for the two complete months prior to each Corporate meeting

SUMMARY

We have made the best of what we could have for 2024-2025. There are many new processes in place that haven't been for 24 months, as of now, that will ensure this process will be better than ever in 2025-2026.
Lists of outstanding payments, receipts and payments made for April and May of 2025 have already been signed off by the Corporate Committee last week and a number of the internal auditors concerns addressed.

RECOMMENDATION

To have a discussion in regards to the audit and once agreed the Chair to sign the AGAR documentation allowing for publication and notification of the completion of the audit.

RISK ASSESSMENT

N/A

LEGAL:

Ramifications of not fulfilling AGAR requirements will be a fine of £40.00 and put a stain on the Council's reputation

FINANCIAL:

ANTICIPATED SAVINGS:

None

ESTIMATED STAFF TIME:

Within the usual role of RFO. No additional time required due to new processes in place

OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors has also been taken into consideration: Prevention of Crime and Disorder; equalities; environmental; climate change; health; human rights and personnel and property.

Dated: 23/06/2025

INTERNAL AUDIT REPORT/CHECKLIST FOR MATLOCK TOWN COUNCIL FOR THE YEAR ENDING 31 MARCH 2025

Further to the Internal Audit of Accounts I carried out on 20 June 2025, I confirm that the annual audit was carried out in accordance with the suggested approach contained in the Smaller Authorities Proper Practices Panel (SAPPP) - Practitioners' Guide 2025 to be applied in the preparation of statutory annual accounts and governance statements 2024/25.

Page 3 of the 2024/25 AGAR form has been signed off accordingly.

Signed 20 June 2025

East Midlands Audit Services Ltd

1.	**Book Keeping**		**Comments**
1.1	Spreadsheet maintained and up to date?	Yes	Scribe Software used
1.2	Arithmetic correct?	Yes	
1.3	Evidence of Internal Control?	No	
1.4	VAT evidence, recording and reclaimed?	Yes	VAT has been reclaimed.
1.5	Payments in ledger supported by invoices, authorised and minuted?	No	Payments have not been approved by Council within the minutes, all invoices were not available for payments made through the bank at the internal audit.
1.6	S137 separately recorded and within limits?	Yes	
1.7	S137 expenditure of direct benefit to electorate?	Yes	

2. Due Process			**Comments**
2.1	Standing Orders adopted (inc GDPR)?	Yes	
2.2	Standing Orders reviewed at annual meeting?	Yes	Reviewed on 19 May 2025 FC - AM18/25
2.3	Financial Regulations adopted?	Yes	
2.4	FRs properly tailored to council?	Yes	Reviewed on 19 May 2025 FC - AM17/25
2.5	Equality & Diversity policy adopted?	Yes	Needs reviewing as soon as possible.
2.6	RFO appointed?	Yes	
2.7	List of member interests held?	Yes	Held on website also.
2.8	Agendas signed, informative and displayed with 3 clear days' notice ?	No	Clear days are Mon-Sat, does not include bank holidays. Example January 2025 agenda dated 16 January meeting held on 20 January 2025.
2.9	Purchasing authority defined in FRs?	Yes	
2.10	Legal powers identified in minutes and/or cashbook?	Yes	
2.11	Committee terms of reference exist and have been reviewed for Committees?	Yes	May 2024 FC Meeting - AM14/24

2.12	Council/Councillors contact details on line?	Yes	
2.13	GDPR Privacy Policy on web site ?	Yes	GDPR-policy-2024.pdf

3. Risk Management			Comments
3.1	Does scan of minutes reveal any unusual activity?	Yes	See comments below.
3.2	Annual risk assessment carried out?	No	Financial Risk Assessment to be carried out to review current processes for sign off of invoicing and bank payments made etc.
3.3	Insurance cover appropriate and adequate?		Insurance cover in place - renewed 01/06/2025 – Clerk to add to agenda to review annually.
3.4	Evidence of annual insurance review?	No	
3.5	Internal financial controls documented and evidenced?	No	Internal Control Policy or similar to be established and followed.
3.6	Minutes initialled, each page identified and overall signed?	No	All pages of the minutes to be initialled.
3.7	Regular reporting and minuting of bank balance?	No	Bank balances are not reviewed by Council this need to be incorporated into the agenda.
3.8	S137 expenditure minuted?	Yes	
3.9	Up to date Risk Management Scheme?	No	

4. Budget			Comments
4.1	Annual budget to support precept?	Yes	Discussed and agreed at FC meeting 20 January 2025 - 2475/24
4.2	Has budget been discussed and adopted by council?	Yes	FC 20 January 2025 - 2475/24
4.3	Any reserves earmarked?	Yes	£17,229.96
4.4	Any unexplained variances from budget?		Net Position/Flexed Budget from Scribe to go to every Council meeting to ensure spend/income is tallying with what was budgeted and to address matter why there is a variance.
4.5	Precept demand correctly minuted?	No	Amount/percentage increase not included within the resolution of FC. £377,681.00 (2025/26)

5. Payroll – Clerk			Comments
5.1	Contract of employment?	Yes	
5.2	Tax code issued / contracted out?	Yes	
5.3	PAYE / NI evidence?	Yes	
5.4	Has council approved salary paid?	Yes	
5.5	Pension provision in place or Opt out?	Yes	LGPS Pension Scheme
5.6	Other payments reasonable and approved by council?	Yes	

5.7	Complaints procedure in place?	Yes	Website – when clicked goes to code of conduct document needs amending. Needs reviewing as soon as possible.
5.8	Current Grievance and Disciplinary procedures in place?	Yes	

6. Payroll – Other			**Comments**
6.1	Contract of employment?	Yes	
6.2	Does council have public liability cover?	Yes	
6.3	Tax code(s) issued?	Yes	
6.4	Minimum wage paid?	Yes	

7. Asset Control			**Comments**
7.1	Does council keep a register of all material assets owned?	Yes	
7.2	Is asset register up to date?	Yes	
7.3	Value of individual assets included?	Yes	
7.4	Inspected for risk and H & S ?	Yes	

8. Bank Reconciliations			**Comments**
8.1	Is there a bank reconciliation for each account?	Yes	
8.2	Reconciliation carried out on receipt of statement?	No	Previous RFO has had annual leave and bank statements have not been carried out in a prompt manner. This has now been adhered to by new RFO for 2025/26.
8.3	Any unexpected balancing entries in any reconciliation?	No	Scribe bank balance same as bank statements at 31 March 2025.

9. Year End Procedures			**Comments**
9.1	Year-end accounts prepared on correct accounting basis?	Yes	Income and Expenditure
9.2	Bank statements and ledger reconcile?	Yes	Scribe bank balances with bank statements as at 31 March 2025.
9.3	Underlying financial trail from records to presented accounts?	No	Comments below.
9.4	Where appropriate, debtors and creditors properly recorded?	No	Invoicing/payments has suffered during the year.
9.5	Has council agreed, signed and minuted sections 1 & 2 of the annual return?	No	To be signed at the next Full Council meeting.
9.6	Public Rights provision current ?	No	Notice of public rights and publication of unaudited annual governance & accountability return for 2023/24 was not achieved until 30 September 2024.
9.7	Was External Audit exemptions correctly declared.?	Yes	

10. Miscellaneous			**Comments**
10.1	Have points raised at the last audit been addressed?	N/A	External audit not completed.

10.2	Has the council adopted a Code of Conduct?	Yes	FC May 2024 - AM15/24
10.3	Is eligibility for General Power of Competence properly evidenced?	N/A	
10.4	Are all electronic files backed up?	Yes	Server and 3 backup drives (1 held off site).
10.5	Do arrangements for public inspection of council's records exist?	Yes	
10.6	Public Rights Provision adopted?	Yes	
10.7	Complaints Procedure Adopted ?	Yes	Needs Reviewing
10.8	Are Training Records kept ?	Yes	Clerk
10.9	Website Accessibility Statement adopted?	Yes	

11. Charities			**Comments**
11.1	Charities reported, accounted and filed separately?	N/A	

Payee invoice check	Banner Business Solutions Ltd	Torne Valley Country Stores
Ledger date	05/07/2024	31/10/2024
Item/Budget heading	First Aid	Clearing Saw
Ref/cheque no.	BACS	BACS
Payment minute ref	No minute numbers	No minute numbers
Invoice value	£213.80	£879.00
Minute value	£213.80	£879.00
Payment value	£213.80	£879.00
Bank Statement value	£213.80	£879.00
Timely payment	Yes	Yes
VAT recorded	Yes (£35.63)	Yes (£146.50)
S137 recorded	N/A	N/A
S137 minuted	N/A	N/A

Annual Return (Page 5)			
		Year ending 31 March 2024	Year ending 31 March 2025
		£ RESTATED	£
1	Balances brought forward	116,510	106,599
2	Annual precept	356,070	366,716
3	Total other receipts	52,449	92,346
4	Staff costs	276,643	273,887
5	Loan interest/capital repayments	0	0
6	Total other payments	141,786	145,222
7	Balances carried forward	106,599	146,551
8	Total cash and investments	90,133	109,659
9	Total fixed assets and long term investments and assets	945,448	942,430
10	Total borrowings	0	0
11	Section 2 annual return figures completed and cross referenced	Yes	Yes

Summary	**Matters raised at internal audit recommendations are:** - Income and expenditure should be reported to Council at each Full Council meeting. All payments should be approved by Full Council or a Committee with delegated powers and signed by 2 Councillors as previously raised at last years audit. These should be presented as an appendix to the meeting minutes. - Bank balances should also be presented and approved at Council meetings on a regular basis for all accounts held. (Investment Policy should be in place if savings are held over £100k). Bank statements should be signed by 2 Councillors. Bank balances to be minuted at Council meeting. This was previously raised at the last audit. - Budget net position reports should be presented to Council at least every quarter so a comparison can be made from budget to actual. This need to be minuted at meetings. - Salaries needs to ensure correct pension deductions are made in line with pension regulations/obligations at the time of payment. - Agendas need to be published 3 clear days from meeting date. - Risk Management needs to be established urgently with processes for risk limitation identified within audit and how to mitigate any risks found. - Ear marked reserves to be reviewed annually and ensure they are adequate for intended purpose as they haven't changed from the previous year. - Invoices need to be obtained for every payment as invoices were missing when the bank statements have been checked at audit. All invoices to be signed off with reference to internal control procedure including S/O and D/D invoices. - Invoices received need to be checked to ensure correct amount is on invoice. – Liquid Brass for example. - Minutes should be initialled by the Chair on each page this proves that pages of the minutes have not been altered after approval at Council meetings. - Council should review and approve the insurance renewal each year and ensure they have adequate insurance in place for the forthcoming year. - Advice would be to produce an internal control policy or similar as soon as possible this will enable the Council to add procedures for checking accounts for example 2 signatories to sign bank payments, bank payee changes to be authorised by 2 Councillors, invoices are approved by Council and signed by the 2 signatories authorising payments. D/D and S/O to be reviewed at least annually to ensure the Council is confident to continue with the regular payments made. - Recommendation would be for 2 Councillors to conduct their own internal audit once a month or at least every quarter to look that internal control procedures are being adhered to. East Midlands Audit Services Ltd are willing to offer a quarterly audit for the coming year to ensure that processes are put into place and adhered to prior to the end of year. - A matter raised by the Internal Auditor at the 2023/24 Internal Audit is still under investigation. - There is much more work to undertake before the Council can confidentiality tick the AGAR and state yes to the assertions asked within the Annual Governance Statement – please note this is for year ending 31 March 2025.

NOTES
The Clerk and/or RFO should certify the accounts before the full council approves them.

The Notice for the public inspection period must detail that it is for a single period of 30 working days and must include the first ten days of July (ie 03.06 – 14.07 or 01.07- 11.08)

Annual Internal Audit Report 2024/25

MATLOCK TOWN COUNCIL

www.matlock.gov.uk ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.		✓	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		✓	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		✓	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.		✓	
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		✓	
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.		✓	
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.		✓	
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")*			✓
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.		✓	
M. 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 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*		✓	
N. The authority has complied with the publication requirements for 2023/24 AGAR *(see AGAR Page 1 Guidance Notes).*		✓	

	Yes	No	Not applicable
O. **(For local councils only)** Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 20/06/2025 DD/MM/YYYY DD/MM/YYYY

Name of person who carried out the internal audit: Emma Smith

Signature of person who carried out the internal audit: E Smith

Date: 20/06/2025

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).