Melanie Matthews

Rugeley Town Council

Rugeley Rose Theatre

Taylors Lane

Rugeley

Staffordshire WS15 2AA

21st May 2025

Dear Melaine,

**AUDIT REPORT – RUGELEY TOWN COUNCIL**

The internal audit of Rugeley Town Council for the 2024-25 financial year is now complete. The internal audit was undertaken onsite at the Town Council Offices on Wednesday 21st May 2025.

I am pleased to be able to report that I have been able to sign off the internal audit section of the Annual Governance and Accountability Return (AGAR) for 2024-25 with no comments.

I undertook one interim audit during the year. The interim audit took place on 27th November 2024 onsite at the Town Council Offices. I have been able to review the financial and governance controls in place at the Council in some detail.

As stated in the Letter of Engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete Section 4 of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year. In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Audit Practices Board and our procedures are not designed to provide assurance over the reliability and quality of your financial statements. This will be undertaken by the Council’s appointed External Auditor.

We are required by the Annual Internal Audit Report included in the Annual Governance and Accountability Return (AGAR) to review controls in place at the Council against predefined control assertions. These control assertions are set out in the detailed report together with the results of the internal audit work for 2024-25.

Thank you for all the information you have provided. I would be grateful if you could present this report at the next available meeting of Full Council.

Yours sincerely,

Paul Russell, Internal Auditor

**A - Appropriate accounting records have been properly kept throughout the financial year**

The accounts have been prepared in accordance with the Accounting Guidance Notes for Local Councils issued by CIPFA as applicable to medium sized Councils. Council maintains its financial records using the Scribe Accounting system. The internal audit has confirmed that income and expenditure balances to the cashbook and is reconciled to the bank statements on a regular basis. During the review it has been confirmed that there is a clear audit trail from the accounts to supporting documentation such as invoices.

The opening balances in the cashbook agreed back to the 2023/24 accounts. Bank reconciliations are carried out monthly and signed off by the RFO and a Councillor.

The accuracy of the year-end bank reconciliation details have been reviewed to ensured that accurate disclosure of the combined cash and bank balances are stated in the AGAR, section 2, line 8 as reported by the Scribe Annual Return.

The Council has an internal controls policy in place but this does need to be reviewed. It outlines the system of internal controls in place and contains a checklist.

**The Council has met this control objective.**

**B – This authority complied** **with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.**

Standing Orders and Financial Regulations are based on the latest NALC templates. Standing Orders and Financial Regulations have been reviewed by Full Council. The limits do not match as these have been reviewed recently

**Recommend that Standing Order 18(c) be updated to reflect the correct limit for a public contract. It should reference FR 5.7.**

Please note that from 24th February 2025, both above and below threshold notices for new UK procurements will need to be published on Find a Tender: [Find a Tender](https://www.find-tender.service.gov.uk/Search). Contracts Finder is no longer operational. There is an article in the latest SLCC magazine outlining the impact of the new Procurements Act 2023.

All other payments under Box 6 of the AGAR have reduced significantly from £334,949.84 in 2023/24 to £167,190.36 in 2024/25. An explanation of variance has been provided but needs to be reviewed.

A sample test has been undertaken and the following is confirmed:

* Payment agreed to invoice
* Invoice signed off on face of invoice
* Expenditure appropriate for this Council

The Council is registered for VAT and submits a quarterly VAT claim. A review of VAT claims and receipt of the claim has been carried out.

The Full Council reviews expenditure and approves payments as required.

**The Council has met this control objective.**

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

The Council is insured with Zurich Municipal on a standard local council package for employer liability and pubic liability. Adequate cover is provided and the policy was in date at time of audit.

All Council’s buildings are adequately insured and are identified separately within the insurance schedule. Insurance values are at reinstatement costs.

The Council has a Risk Register in place. A copy is available on the website.

**The Council has met this control objective.**

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

Council had initial balances of £336,790 at the beginning of the year and these have increased to £ 374,404. An issue within the accounting system identified is currently being addressed.

End of year bank balances are as follows:

|  |  |
| --- | --- |
| **ACCOUNT** | **AMOUNT** |
| Lloyds Bank | £60,566.77 |
| CCLA | £304,995.23 |
| Unity Trust | £3,137.70 |
| Petty Cash 1 | £200.00 |
| Petty Cash 2 | £100.00 |
| Petty Cash 3 | £250.00 |
| Total | £369,249.70 |

End of year allocations are as follows:

|  |  |
| --- | --- |
| **ACCOUNT** | **AMOUNT** |
| Earmarked Reserves | £178,747.28 |
| General Reserves | £195,656.24 |
| **Total** | **£374,403.52** |

Earmarked Reserves are in place and these are reviewed and updated during the year. Earmarked reserves are included in the accounting system.

Both the precept and budget for 2024-25 were approved at the Full Council meeting on 7th February 2024 (Minute 188.1). The minute records that an increase of 4% was agreed but the Council did not formally resolve to request the precept.

**Recommend that the budget and the precept be adopted as separate items and that the amount of precept being requested be formally minuted.**

A precept of £329,908 was set and has been received in two tranches. A detailed budget sets out expenditure plans for 2024-25.

The 2025/26 budget and precept were approved by Full Council at its meeting on 18th December 2024. A precept of £337,034 (minute 278) was set. See above recommendation.

Budget review is good and Council reviews the development of the budget in detail.

Budget monitoring reports are presented and reviewed by Full Council and formally minuted.

**The Council has met the requirements of this control objective.**

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

No outstanding debtors have been identified.

Precept as stated in box 2 was £329,908. This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £118,059.44. An explanation of variance has been provided. The increase is mainly as a result of increased theatre attendance and use.

A sample has been tested during the year from the cashbook. The transactions were selected randomly and included items from each month of the 2024/25 financial year. In all cases I was able to agree the credit booked to the cashbook back to supporting documentation.

**The Council has met the requirements of this control objective.**

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

The Council operates three petty cash accounts. These have been reduced during the year and balances held in the accounts have gone down from £1,000 to £550.

The end of year balance is £550. A review of the petty cash had been undertaken during the interim audit.

**The Council has met the requirements of this control objective.**

**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.**

Staff costs per box 4 to the accounts were £238,768.72 compared to the previous year of £243,195.95.

Payroll is undertaken by a sector specific provider and the relevant reports are printed off and filed. PAYE, NI and pension payments requirements are properly applied. All salary payments are duly authorised on a monthly basis and the amount of salary payment is affected by the level of trading in the theatre. In addition, two redundancy payments have been made.

I confirmed that the accounts only include payments relating to the employment of staff in box 4.

Confirmed that gross pay was calculated correctly, pension payments were correct and all payments to HMRC have been submitted.

The Council has undergone a restructure during the year and there have been a number of staff changes. It is noted that a recruitment and selection policy has been adopted.

Noted that an expenses scheme is being implemented for eligible Councillors. All expenses must be accompanied by a receipt otherwise this may be considered a Councillor Allowance which would be expected to go through the PAYE scheme.

A Staffing Committee was set up but this has now been disbanded.

**It is recommended that in HR matters specialist advice be sought from Croner who have been appointed by the Council to ensure that Council follows the correct and up to date legislation dealing with staffing matters and recruitment.**

**The Council has met the requirements of this control objective.**

**H - Asset and investments registers were complete and accurate and properly**

**maintained.**

The Fixed Assets, box 9, are stated as £348,635.96. there appear to have been no movement during the year.

I have agreed the balance in the accounts back to the asset register. The asset register meets the relevant regulations and asset movements are easy to identify.

**The Council has met the requirements of this control objective.**

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

The Council currently has no outstanding loans.

Value of Cash and short-term investments stated in box 8 is £369,249.70.

The year-end bank reconciliation has been reviewed. The balance on the bank reconciliation agreed back to the bank statements and cashbook balances

recorded on the Scribe reports.

All the Bank and the Petty Cash Accounts are reconciled promptly on

a monthly basis. This was verified by reviewing the bank reconciliation file. These reconciliations are also reviewed and signed off by a Councillor.

The Council has a Banking and Investment strategy in place as required.

**The Council has met the requirements of this control objective.**

**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.**

Rugeley Town Council prepares its annual accounts on an income and expenditure bases as required to do so as it has a turnover in excess of £200,000 per annum

**The Council has met the requirements of this control objective.**

**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”)*.**

Not applicable. Rugeley Town Council completed a limited assurance review. **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**

The Council has published AGAR documentation from 2019/20 onwards and meets the 5 year publication requirement.

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2025 authorities must publish:

* Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited (published);
* Section 1 - Annual Governance Statement 2024/25, approved and signed (published)
* Section 2 - Accounting Statements 2024/25, approved and signed (published)

Not later than 30 September 2025 authorities must publish:

* Notice of conclusion of audit (not published)
* Section 3 - External Auditor Report and Certificate (not published)
* Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review. (not published)

**The Council has met this control objective.**

**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).***

The Public Notice is published on the Council’s website and were minuted (minute 107.5) on 5th June 2024. Dates were from 7th June to 18th July 2024 which met the 30 working day statutory requirement.

**Recommend that the beginning and end date of the notice be minuted.**

**The Council has met this control objective.**

**N: The authority has complied with the publication requirements for 2023/24 AGAR*(see AGAR Page 1 Guidance Notes)***

The Statement of Accounts, Annual Governance Statement and the external audit

certificate for 2023/24 are all published on the Council’s website.

The external audit certificate has been published.

The Conclusion of Audit certificate was published on the Town Council’s website and met with the required timescales.

The external audit certificate was reported to the meeting of Full Council on 2nd October 2024 (minute 225) and noted.

The Council has published AGAR documentation from 2019/20.

**The Council has met the requirements of this control objective.**

**O – (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.**

The Council is not a sole trustee. **Not applicable.**