

**KIMBERLEY TOWN COUNCIL**  
**INDEPENDENT INTERNAL AUDITORS REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2024**

This report is produced as part of the Town Council's year end procedures to assist with the completion of the Annual Governance Statement as part of the Annual Governance and Accountability Return for 2023/24.

I have conducted my audit in relation to the books and records kept for the year 2023-24 by the Town Clerk and the RFO. This work has been carried out on a sample basis in order to provide an assessment of the Council's compliance with the relevant policy and controls that are expected to be in operation. My tests are in line with those outlined within the Joint Panel on Accountability and Governance Practitioners' Guide published in March 2023.

Both the new Clerk and RFO have given me full co-operation and assistance with my work in providing access to information and answering my questions. It became apparent within those discussions that there has been a significant amount of work required to bring the Council up to standard as there were many issues with previous practices, which unfortunately had not been picked up on previous audits. Both officers are to be commended for tackling those issues head on and Councillors can take a lot of confidence from the work that they have done and continue to do in bringing the Council into line with regulations and best practice.

**1.0 Responses to the Assertions**

- 1.1 Based on the work carried out to date I have been able to answer 'Yes' to most of the assertions. The Council no longer operates a petty cash account and therefore this is responded to as 'N/A' in the not covered column. Assertion K is also not applicable due to the Council's annual turnover being in excess of £25,000.
- 1.2 Assertion I – Where an authority has or expects its bank balances or investments to be in excess of £100,000 it should have in place an investment strategy. This is in accordance with s15(1)(a) of the Local Government Act 2003. Although it has taken action in securing higher interest rate accounts for its reserves, currently the Town Council does not have this document in place and should consider doing so at the earliest opportunity, certainly within 12 months of this audit report being received.
- 1.3 Assertion J – Upon checking the figures in the Accounting Statements it was noted that the Vehicle allowance had been incorrectly assigned to box 4 and needed moving to box 6. The RFO agreed to the change and so I have ticked this as 'Yes' on the basis that this has been altered.
- 1.4 Whilst I have ticked 'Yes' to Assertion L, I have made suggestions to the Town Clerk that the authority could go a lot further with what it is publishing online.

The items available through the publication scheme are mostly only available in hardcopy and this should not be the case where the authority has the ability to publish things online. It is better to publish as much as possible to reduce the number of FOI requests that may come through and to promote that the Council is open and transparent about its operations and activities. The Council should consider adopting and adhering to the Local Government Transparency Code 2015. There should be a dedicated page setting out the documentation so that it is easy to locate on the website rather than expecting the public to trawl through a set of minutes or an agenda pack to find what they are looking for.

- 1.5 Assertion M – I have had to tick ‘No’ to this assertion due to the date of the announcement being set as 22 June 2023 before the Council had considered and approved the AGAR at its meeting on 29 June 2023. Also, there is a specific order in which the sections should be considered by the Council at its meeting. The report of the Internal Auditor should be considered and received prior to completion of Section 1 of the AGAR. Whilst the RFO has explained that, in practice, at the meeting, the Council did consider the Internal Auditor report to help it complete the Annual Governance Statement, unfortunately the minutes do not support this with the Internal Audit report being minuted as received after the approval of the AGAR. The Clerk and RFO are now aware of this and going forward this should not be an issue that crops up again.
- 1.6 Assertion N – Despite the issues noted above, the Council did publish the AGAR and notice of public rights in the correct timeframe. In September the Council published an interim certificate from the external auditor within the required deadline with the final report being published upon receipt.
- 1.7 Assertion O – Following on from the work that has been ongoing in relation to the Recreation Ground Charity it has been established that the Council is not sole trustee and therefore this section does not apply. Whilst the handling of this charity property has not been correct in the past, the Council is in the process of setting up the correct operational model and this is nearing completion. However, despite the best efforts of the Council to rectify the situation, it is worth noting that at year-end the separate charity bank account is not opened and therefore the Council has been receiving charity monies into its own bank account.

## **2.0 Other matters of note**

- 2.1 During my inspection of the records I came across a few other matters which, whilst not affecting my opinion on the assertions, are things which the Council should consider adjusting to improve operations.
- 2.2 **Approval of payments list** – at the start of the year it appeared that the payments schedule was discussed and approved in confidential session. The RFO has explained that this used to be the case and was no longer done this way, however the top of the schedule states ‘Confidential’. I have queried this as

payments should be considered and approved in open session and it appears to be an oversight of not removing this from the template. The RFO has committed to adjusting this immediately.

- 2.3 **Precept** - When considering the precept the Council should not be choosing a percentage increase on an arbitrary basis as appears to have been done. If the budget is such that it is contained within the precept figure but the Council wishes to put an increase on for inflation, as some of the budget lines may have been estimates, this should be clearly explained and a calculated figure that the Council needs to operate should be derived and approved by Council eg The Council resolved to demand a precept of £135,340. This reduces the risk of the Council not receiving enough if the Council Tax Base were to be altered after the Council has set its precept.
- 2.4 **HR Committee** – in reading the Terms of Reference for this Committee I noted that it states that the agenda is determined by the Chair and Vice-Chair of the Committee. This is not correct practice – all agendas belong to the Clerk and they determine what goes before the Committee. This is usually in consultation with the Chair but is not required. Particularly with the HR Committee it is important that all Councillors sitting on it are properly trained in HR procedures and most significantly in what the consequences are of ‘doing HR wrong’. The Terms of Reference seem to imply that the Clerk would not be at every meeting and this is a high risk approach to take. It is the Clerk’s duty as the professional advisor to the Council to be in attendance at such meetings to ensure that the Committee is acting along lawful and best practice lines.
- 2.5 The level of risk here increases further where the Chair and Vice-Chair are granted access to the information on the office computers and have relevant passwords to access said information remotely. This is a blurring of lines and the Council should reconsider this approach immediately. Councillors are not entitled to know and see everything, it is the Clerk’s role to determine what Councillors need access to in order to perform their role. Uncontrolled access to the Councils information systems and personal data is incorrect practice and could potentially be a breach of the Data Protection Act, depending on what they have access to. It is not clear if there is control over when systems are accessed either.
- 2.6 Finally, Councillors are not able to act as individuals and therefore cannot be appointed as the Town Clerk’s line manager. A small committee of 3 can be appointed in order to conduct the Clerk’s appraisal but no one is meant to be directing or overseeing her day to day work. As the Council’s Chief Executive Officer the Clerk should be more than capable of managing their own workload and reporting back to Council/committee on progress/issues as necessary. Whilst it seems that everyone is trying to be supportive, which is to be commended, the blurring of lines between operations and decision making needs to be corrected. Performance can easily be managed through monitoring

of work that comes through Council and Committees. Any perceived issues should be flagged up in private and through the appropriate HR channels.

- 2.7 **Quotes** - Similarly, Councillors have been obtaining quotes for projects, which, whilst having been passed through the Clerk's office, again, is incorrect practice. I understand why this has been done, as it was a project which was unexpectedly deposited in the Town Council's lap but with the amount of money involved, if the Town Clerk's office did not have the capacity to manage the additional project work, the Council should have considered hiring a project manager to ensure professional impartial support for its objectives.
- 2.8 **Risk Register** - The RFO has indicated that there will be further work done on the Council's risk register. I noted that some of the mitigations are insufficient. A particular one which stood out was the risk of the loss of electronic records – the mitigation was to do as much business on paper as possible. Then, the risk of loss of paper records to fire - the mitigation is that all records are kept in the office. I would suggest that the Council revisit these particular risks and consider alternative mitigations which would be more effective – eg off-site cloud storage and use of the County Archives for old minute books/other important documents.
- 3.0 Conclusion**
- 3.1 On the whole, the Town Council seems to be operating well and significant progress has been made in improving internal controls. The Town Clerk and RFO are both keen to ensure that things are done correctly and are clearly dedicated to learning about and implementing best practice as time allows.
- 3.2 It is pleasing to see that the Council has adopted new policies and procedures and implemented independent scrutiny and verification sign off by councillors of the bank reconciliations; particularly as it does not currently utilise dual authorisation on its current account.
- 3.3 For further development I would recommend that the Council consider using the NALC Local Council Award Scheme as a framework to ensure that it has all of the relevant policies and procedures in place.