

Section 1 – Annual Governance Statement 2023/24

We acknowledge as the members of:

KIDDERMINSTER TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2024, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
	✓		

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

26/06/2024

and recorded as minute reference:

MINUTE REFERENCE
25

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

Clerk

SIGNATURE REQUIRED

SIGNATURE REQUIRED

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Section 2 – Accounting Statements 2023/24 for

Kidderminster Town Council

	Year ending		Notes and guidance
	31 March 2023 £	31 March 2024 £	
1. Balances brought forward	161,374	671,315	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	831,160	879,566	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	1,215,818	2,154,024	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	376,005	315,923	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	8,420	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	1,161,032	2,128,594	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	671,315	1,251,968	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	655,908	824,049	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	350,893	350,891	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	500,000	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)	✓			The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)	✓			The figures in the accounting statements above exclude any Trust transactions.

I certify that for the year ended 31 March 2024 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

Date

[Signature]

17/06/2024.

I confirm that these Accounting Statements were approved by this authority on this date:

26/06/2024

as recorded in minute reference:

MINUTE REFERENCE 25

Signed by Chair of the meeting where the Accounting Statements were approved

[Signature] SIGNATURE REQUIRED

Annual Internal Audit Report 2023/24

Kidderminster Town Council

www.kidderminstertowncouncil.gov.uk

During the financial year ended 31 March 2024, 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 2023/24 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.

KEY: IA = Internal Audit

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.	✓		subject to issues in IA report.
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.		✓	see issues 13-15 in IA report.
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 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")	N/A		
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.	✓		except for: issue 17-18 in IA report.
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 2023-24 AGAR period, were public rights in relation to the 2022-23 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 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
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

DD/MM/YYYY DD 14/06/2024 DD/MM/YYYY

Name of person who carried out the internal audit

JDM BUSINESS SERVICES LTD

Signature of person who carried out the internal audit

 SIGNATURE REQUIRED

Date

14/06/2024

*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).

WHAT **EXEMPT AUTHORITIES** NEED TO DO TO ADVERTISE THE PERIOD DURING WHICH ELECTORS AND INTERESTED PERSONS MAY EXERCISE RIGHTS RELATING TO THE ANNUAL ACCOUNTS

The [Local Audit and Accountability Act 2014](#) and the [Accounts and Audit Regulations 2015](#) require that:

- 1) The statement of accounts prepared by the authority (i.e. the Annual Governance & Accountability Return (AGAR) Form 2), the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.
- 2) The period referred to in paragraph (1) starts with the day on which the period for the exercise of public rights is treated as having been commenced i.e. the day following the day on which all of the obligations in paragraph (3) below have been fulfilled.
- 3) The responsible financial officer for an exempt authority must, on behalf of that authority, publish **(which must include publication on the authority's website)**:
 - a) the Accounting Statements (i.e. Section 2 of the AGAR Form 2), accompanied by:
 - i) a declaration, signed by that officer to the effect that the statement of accounts will not be audited on account of that authority's self-certified status as exempt, unless either a request for an opportunity to question the auditor about the authority's accounting records under section 26(2) or an objection under section 27(1) of the Act, results in the involvement of the local auditor;
 - ii) the Annual Governance Statement (i.e. Section 1 of the AGAR Form 2); and
 - iii) the Certificate of Exemption (i.e. Page 3 of the AGAR Form 2); and
 - b) a statement that sets out—
 - i) the period for the exercise of public rights;
 - ii) details of the manner in which notice should be given of an intention to inspect the accounting records and other documents;
 - iii) the name and address of the local auditor;
 - iv) the provisions contained in section 25 (inspection of statements of accounts etc), section 26 (inspection of documents etc) and section 27 (right to make objections at audit) of the Act, as they have effect in relation to the authority in question;

HOW DO YOU DO IT?

You will meet statutory requirements if you fully and accurately complete the notice of public rights pro forma in this document; and publish **(including publication on the smaller authority's website)** the following documents, the day before the public rights period commences:

- a) the approved Sections 1 and 2 of Form 2 of the AGAR; and
- b) the completed Notice of Public Rights and Publication of Annual Governance & Accountability Return (Exempt Authority). Please note that we have pre-completed it with the following suggested dates: Monday 3 June – Friday 12 July 2024. (The latest possible dates that comply with the statutory requirements are Monday 1 July – Friday 9 August 2024); and
- c) the notes which accompany the Notice (Local authority accounts: a summary of your rights).

Smaller authority name: **KIDDERMINSTER TOWN COUNCIL**

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION
OF ANNUAL GOVERNANCE & ACCOUNTABILITY
RETURN (EXEMPT AUTHORITY)**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

**Local Audit and Accountability Act 2014 Sections 25, 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)**

NOTICE	NOTES
<p>1. Date of announcement Thursday 27th June 2024(a)</p> <p>2. Each year the smaller authority prepares an Annual Governance and Accountability Return (AGAR). The AGAR has been published with this notice. It will not be reviewed by the appointed auditor, since the smaller authority has certified itself as exempt from the appointed auditor's review. Any person interested has the right to inspect and make copies of the AGAR, the accounting records for the financial year to which it relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2024, these documents will be available on reasonable notice by application to:</p> <p>(b) Hugh Peacocke, Chief Executive Officer, Kidderminster Town Council, Wyre Forest House, Finepoint Way, Kidderminster, Worcestershire, DY11 7WF</p> <p>Email: Office@kidderminstertowncouncil.gov.uk Telephone: 01562 732680</p> <p>commencing on (c) Friday 28th June 2024 and ending on (d) Thursday 8th August 2024</p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none">• The opportunity to question the appointed auditor about the accounting records; and• The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority. <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The smaller authority's AGAR is only subject to review by the appointed auditor if questions or objections raised under the Local Audit and Accountability Act 2014 lead to the involvement of the auditor. The appointed auditor is:</p> <p>PKF Littlejohn LLP (Ref: SBA Team) 15 Westferry Circus Canary Wharf London E14 4HD (sba@pkf-l.com)</p> <p>5. This announcement is made by (e) Hugh Peacocke, CEO & RFO</p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>

LOCAL AUTHORITY ACCOUNTS: A SUMMARY OF YOUR RIGHTS

Please note that this summary applies to all relevant smaller authorities, including local councils, internal drainage boards and 'other' smaller authorities.

The basic position

The [Local Audit and Accountability Act 2014](#) (the Act) governs the work of auditors appointed to smaller authorities. This summary explains the provisions contained in Sections 26 and 27 of the Act. The Act and the [Accounts and Audit Regulations 2015](#) also cover the duties, responsibilities and rights of smaller authorities, other organisations and the public concerning the accounts being audited.

As a local elector, or an interested person, you have certain legal rights in respect of the accounting records of smaller authorities. As an interested person you can inspect accounting records and related documents. If you are a local government elector for the area to which the accounts relate you can also ask questions about the accounts and object to them. You do not have to pay directly for exercising your rights. However, any resulting costs incurred by the smaller authority form part of its running costs. Therefore, indirectly, local residents pay for the cost of you exercising your rights through their council tax.

The right to inspect the accounting records

Any interested person can inspect the accounting records, which includes but is not limited to local electors. You can inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records. You can copy all, or part, of these records or documents. Your inspection must be about the accounts, or relate to an item in the accounts. You cannot, for example, inspect or copy documents unrelated to the accounts, or that include personal information (Section 26 (6) – (10) of the Act explains what is meant by personal information). You cannot inspect information which is protected by commercial confidentiality. This is information which would prejudice commercial confidentiality if it was released to the public and there is not, set against this, a very strong reason in the public interest why it should nevertheless be disclosed.

When smaller authorities have finished preparing accounts for the financial year and approved them, they must publish them (including on a website). There must be a 30 working day period, called the 'period for the exercise of public rights', during which you can exercise your statutory right to inspect the accounting records. Smaller authorities must tell the public, including advertising this on their website, that the accounting records and related documents are available to inspect. By arrangement you will then have 30 working days to inspect and make copies of the accounting records. You may have to pay a copying charge. The 30 working day period must include a common period of inspection during which all smaller authorities' accounting records are available to inspect. This will be 1-12 July 2024 for 2023/24 accounts. The advertisement must set out the dates of the period for the exercise of public rights, how you can communicate to the smaller authority that you wish to inspect the accounting records and related documents, the name and address of the auditor, and the relevant legislation that governs the inspection of accounts and objections.

The right to ask the auditor questions about the accounting records

You should first ask your smaller authority about the accounting records, since they hold all the details. If you are a local elector, your right to ask questions of the external auditor is enshrined in law. However, while the auditor will answer your questions where possible, they are not always obliged to do so. For example, the question might be better answered by another organisation, require investigation beyond the auditor's remit, or involve disproportionate cost (which is borne by the local taxpayer). Give your smaller authority the opportunity first to explain anything in the accounting records that you are unsure about. If you are not satisfied with their explanation, you can question the external auditor about the accounting records.

The law limits the time available for you formally to ask questions. This must be done in the period for the exercise of public rights, so let the external auditor know your concern as soon as possible. The

advertisement or notice that tells you the accounting records are available to inspect will also give the period for the exercise of public rights during which you may ask the auditor questions, which here means formally asking questions under the Act. You can ask someone to represent you when asking the external auditor questions.

Before you ask the external auditor any questions, inspect the accounting records fully, so you know what they contain. Please remember that you cannot formally ask questions, under the Act, after the end of the period for the exercise of public rights. You may ask your smaller authority other questions about their accounts for any year, at any time. But these are not questions under the Act.

You can ask the external auditor questions about an item in the accounting records for the financial year being audited. However, your right to ask the external auditor questions is limited. The external auditor can only answer 'what' questions, not 'why' questions. The external auditor cannot answer questions about policies, finances, procedures or anything else unless it is directly relevant to an item in the accounting records. Remember that your questions must always be about facts, not opinions. To avoid misunderstanding, we recommend that you always put your questions in writing.

The right to make objections at audit

You have inspected the accounting records and asked your questions of the smaller authority. Now you may wish to object to the accounts on the basis that an item in them is in your view unlawful or there are matters of wider concern arising from the smaller authority's finances. A local government elector can ask the external auditor to apply to the High Court for a declaration that an item of account is unlawful, or to issue a report on matters which are in the public interest. You must tell the external auditor which specific item in the accounts you object to and why you think the item is unlawful, or why you think that a public interest report should be made about it. You must provide the external auditor with the evidence you have to support your objection. Disagreeing with income or spending does not make it unlawful. To object to the accounts you must write to the external auditor stating you want to make an objection, including the information and evidence below and you must send a copy to the smaller authority. The notice must include:

- confirmation that you are an elector in the smaller authority's area;
- why you are objecting to the accounts and the facts on which you rely;
- details of any item in the accounts that you think is unlawful; and
- details of any matter about which you think the external auditor should make a public interest report.

Other than it must be in writing, there is no set format for objecting. You can only ask the external auditor to act within the powers available under the [Local Audit and Accountability Act 2014](#).

A final word

You may not use this 'right to object' to make a personal complaint or claim against your smaller authority. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Smaller authorities, and so local taxpayers, meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved, they will only continue with the objection if it is in the public interest to do so. They may also decide not to consider an objection if they think that it is frivolous or vexatious, or if it repeats an objection already considered. If you appeal to the courts against an auditor's decision not to apply to the courts for a declaration that an item of account is unlawful, you will have to pay for the action yourself.

For more detailed guidance on public rights and the special powers of auditors, copies of the publication [Local authority accounts: A guide to your rights](#) are available from the NAO website.

If you wish to contact your authority's appointed external auditor please write to the address in paragraph 4 of the *Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return*.

BANK RECONCILIATION PERIOD ENDED 31th March 2024**KIDDERMINSTER TOWN COUNCIL**

		£	£
Balance per bank statement as at 31st March 2024 - Mixed Payments Plan		18,669.00	
Balance per bank statement as at 31st March 2024 - Business Premium Account		82,880.42	
Outstanding Items			101,549.42
Less unpresented cheques as at 31th March 2024:			
			0.00
			101,549.42
Plus any petty cash balance held at 31st March 2024			500.00
Plus Short Term Investment			722,000.00
TOTAL - NET BANK BALANCES AS AT 31st March 2024 (Box 8 on Annual Return)			824,049.42

The net balances reconcile to the Cash Book for the year, as follows:

CASH BOOK	£
Opening Balance:	655,907.92
Add: Receipts in the year	3,080,511.44
Less: Payments in the year:	2,912,369.94
CLOSING BALANCE PER CASH BOOK @31st March 2024 (Box 8 on Annual Return)	824,049.42

Represented by		£
	Cash book	101,549.42
	Short Term Inv	722,000.00
	Petty Cash	500.00
		824,049.42
		0.00

Explanation of variances – pro forma

Name of smaller authority: **KIDDERMINSTER TOWN COUNCIL**

County area (local councils and **WORCESTERSHIRE**

Insert figures from Section 2 of the AGAR in all **Blue** highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

• variances of more than 15% between totals for individual boxes (except variances of less than £200);

• **New from 2020/21 onwards:** variances of £100,000 or more require explanation regardless of the % variation year on year;

	2022/23 £	2023/24 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input, DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	161,374	671,315				Explanation of % variance from PY opening balance not required - Balance brought forward agrees	
2 Precept or Rates and Levies	831,160	879,566	48,406	5.82%	NO		
3 Total Other Receipts	1,215,818	2,154,024	938,206	77.17%	YES		See below - 3 Total Other Receipts
4 Staff Costs	376,005	315,923	-60,082	15.98%	YES		See below - 4 Staff Costs Variances
5 Loan Interest/Capital Repayment	0	8,420	8,420	100.00%	YES		New PWLB Loan taken out in 23/24, none in 22/23.
6 All Other Payments	1,161,032	2,128,594	967,562	83.34%	YES		See below - 6 All other Payments
7 Balances Carried Forward	671,315	1,251,969				VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	655,908	824,049				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	350,893	350,891	-2	0.00%	NO		
10 Total Borrowings	0	500,000	500,000	100.00%	YES		New PWLB Loan taken out in 23/24, none in 22/23.

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable



Kidderminster Town Council

Internal Audit 2023/24

JDH BUSINESS SERVICES LTD

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales

The internal audit of Kidderminster Town Council is carried out by undertaking the following tests as specified in the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Review of year-end testing financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, **except for** the recommendations reported in the action plan overleaf.

J D H Business Services Ltd

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
AGAR internal control objective A – Appropriate Accounting Records kept throughout financial year			
No issues arising			
AGAR internal control objective B – Compliance with Financial Regulations, payments supported by invoices, all expenditure approved and VAT appropriately accounted for			
1	The council is party to a significant number of contracts with varying lengths and conditions but there is no contracts register in place.	<i>The council should establish a contracts register which should be regularly reviewed to identify those contracts where the upcoming end date signifies that a tender or quotation process is required, or whether a decision is needed regarding an extension which is provided for in the contract terms.</i>	
2	Financial Regulations (FRs) currently require three quotations for all contracts in excess of £3000 and a formal tender process for contracts in excess of £50000. Identifying the procurement documentation to support all the contracts in our expenditure sample, including some	<i>The council should implement our recommendation above regarding a contracts register linked to a central procurement folder of all contracts which were subject to procurement in accordance with Financial Regulations. The procurement folder should contain for each contract the quotes or tenders</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>of the items relating to the town hall renovation project, was challenging for officers as there is no central filing location of all procurement documents filed by contract. For high value procurement items which are carried out by the District Council there is a procurement portal for documentation with examples of good practice decision matrices used when determining which supplier to recommend.</p> <p>There are still a small number of items from our sample where we have not received the comprehensive evidence of procurement and these items will be reviewed further in 2024/25 alongside further sample testing of high value expenditure items for compliance with procurement regulations.</p>	<p><i>obtained, how many suppliers were approached, the council decision minute references including where any exemptions available in the FRs were applied, and the procurement decision matrix if used.</i></p>	
3	<p>Review of the VAT return ended February 2024 identified that £7262.66 of outputs and associated 'output VAT' of £1,209.95 were included. We queried this as due to the hall closure there were limited income categories with VAT applied. We were informed that the actual output VAT for</p>	<p><i>Where adjustments for incorrect VAT codes are not all carried out within one VAT return quarter, the council is submitting VAT returns to HMRC that are incorrect and overstating outputs and output VAT. Therefore, the town council must work with the district council to</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	the quarter was £25. However, as some invoices are being received from the town council with incorrect VAT codes, this is then being corrected using the output tax code, so the majority of the February 2024 quarter 'output tax' and outputs is actually just a correcting entry for incorrect VAT codes and is not actually outputs or output tax. It should be noted these issues are corrected in the next VAT return.	<i>ensure that this issue is resolved and that incorrectly coded invoices are corrected at source prior to registering the invoice on the Agresso system.</i>	
4	<p>One of our expenditure sample items related to an larger expenses claim which indicated town council expenses had been incurred on an officer private credit card. FRs prohibit use of personal credit cards as follows:</p> <p><i>6.11. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances if a corporate credit card or trade card is available.</i></p>	<i>The council should ensure it complies with the requirements of FRS regarding private credit and debit cards</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
5	A checklist review of governance identified that a staff expenses policy has not been established.	<i>The council should establish a staff expenses policy.</i>	.
AGAR internal control objective C – Adequate Risk Assessment			
6	<p>The risk assessment was approved by the Finance and Overview committee rather than full council in 2023/24 as required by Financial Regulations:</p> <p><i>15. RISK MANAGEMENT</i></p> <p><i>15.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually, and this shall include an assessment of risks.</i></p>	<i>The risk assessment should be approved by full council each financial year after the Finance and Overview committee has approved the document.</i>	
7	The council has disclosed that fidelity cover is currently £1million. Fidelity insurance should aim to cover the maximum projected cash and bank and short term investment balances which is	<i>As part of risk assessment procedures, the council should annually estimate maximum projected cash and bank and short term investment balances as part of annual risk assessment and set the level of fidelity</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>estimated as the year end cash and current investment balances of £824,049 plus the next precept instalment of £512,358 (50% of precept received April 2024 for 2024/25), which is an estimated maximum projected balance of £1,336,407.</p> <p>Financial Regulations require the following:</p> <p><i>13.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council, or duly delegated committee.</i></p>	<p><i>insurance accordingly as required by the Financial Regulations</i></p> <p><i>The council need to review the current level of fidelity insurance as it does not cover maximum projected cash and bank balances.</i></p>	
8	<p>The risk assessment does not address the risks of supplier fraud. The supplier fraud risks can be managed via appropriately robust policies and procedures. Examples of prevention actions include:</p> <ul style="list-style-type: none"> - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account 	<p><i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>information.</p> <ul style="list-style-type: none"> - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments. - checking address and financial health details with Companies House - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account 		

	ISSUE	RECOMMENDATION	FOLLOW UP
AGAR internal control objective D – The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
9	There is no formal adopted budget timetable in place evidencing the key milestones leading to the agreement of the precept request for the year and approval of the annual budget.	<i>A comprehensive formal budget timetable should be established annually covering the main elements of the Council's budget setting process together with key dates and responsibilities.</i>	
10	<p>We have received budgetary control information put to committee on 21/11/2023 but no further budgetary control information was provided to council for this quarter period due to the change in Chief Executives.</p> <p>Financial Regulations for budgetary control have been changed from the previous model NALC regulations with the result that they do not contain any detailed budgetary control reporting requirements. The current FRs, state under para 4.7. <i>The Clerk shall regularly provide the council with a statement of receipts and payments to date. These statements</i></p>	<p><i>The council should ensure regular budgetary control information is reported and reviewed throughout the financial year.</i></p> <p><i>The Financial Regulations need to be reviewed to include robust requirements for budgetary control, including requiring a comparison of actual expenditure to the appropriate date against that planned in the budget and a statement of significant variances with explanations.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p><i>are to be prepared for each meeting of the council.</i></p> <p>The Model Financial Regulations state the following:</p> <p><i>4.8. The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of £100 or 15% of the budget.</i></p>		
AGAR internal control objective E – Expected income fully received, correctly priced, recorded and promptly banked and VAT accounted for			
No issues arising			
AGAR internal control objective F - Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			
No issues arising			

	ISSUE	RECOMMENDATION	FOLLOW UP
AGAR internal control objective G – Wages and salaries and members allowances paid in accordance with council approvals, and PAYE and NIC requirements properly applied			
11	Pay rises are notified to the payroll agent via an email from the clerk.	<i>The Chair should be copied into the email notifying the annual officer pay rise information to the payroll agent. The council could also provide the minute authorising the pay rise as evidence to the payroll agent.</i>	
12	<p>We have sample checked payroll for 2023/24 and there were no issues arising and therefore we have confirmed PAYE and NIC requirements for 2023/24 were properly applied in our AGAR certificate.</p> <p>However, there are issues relating to earlier years Mayors Allowance that we wish to note. There is an earmarked reserve at the year end for £11890 which relates to payroll tax deductions from the Mayors Allowance as follows:</p> <p>2016/17 £3,825.35 2017/18 £3,943.18 2018/19 £ 4,122.36</p>	<i>The payroll taxes deducted from the Mayoral allowances for 2016/17 to 2018/19 must be remitted to HMRC and the earmarked reserve cleared.</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>The deductions have been paid by the District Council to the Town Council for the payroll taxes to be submitted to HMRC, but this is still outstanding.</p> <p>In 2023/24, the mayoral allowances are paid through payroll so any tax and NI is deducted and remitted to HMRC directly each month.</p>		
AGAR internal control objective H – Asset and investment registers complete and accurate and properly maintained			
13	<p>A comprehensive asset register is a key management tool for managing fixed assets effectively.</p> <p>The fixed asset listing initially provided for internal audit was just a basic list of assets with no further information except a monetary amount with no indication of valuation method. Therefore this basic list was not fit for purpose as a comprehensive asset register was not in place. Assets had been grouped rather than listed as individual assets which could be inspected and managed. Upon receiving our queries about the asset listing the council carried</p>	<p><i>The council must prioritise the development of a complete and accurate register of all fixed assets including the following key information categories where relevant:</i></p> <ul style="list-style-type: none"> • <i>Valuation method</i> • <i>Confirm whether insured or not and insurance value</i> • <i>dates of acquisition, upgrade and disposal (it is useful to keep a</i> 	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>out some further work on the listing and identified:</p> <ul style="list-style-type: none"> - The date of acquisition or transfer and recorded this in an updated version of the register - Assets were listed in the insurance that were not included in the assets register - Assets were identified that were not insured <p>The asset listing primarily comprises the assets transferred on the foundation of the town council in 2015 with parks transferred in 2021 with one further minor addition in 2022. There is no evidence that annually the council has been reviewing the nominal ledger expenditure to identify capital expenditure to be classified as fixed asset additions. Therefore, since 2015 to date there is a risk that capital expenditure additions have not all been identified and included in the register as there are no additions for any of the following years: 2016-2020 and 2023 to date. Our own sample testing in 2023/24 identified Broxap replacement bins which had not</p>	<p><i>record of disposed assets as an asset management tool);</i></p> <ul style="list-style-type: none"> • <i>costs of acquisition and any expenditure which increases the life of the asset;</i> • <i>if proxy cost is used for first valuation, a note of the method used for valuation and details of any professional advice received;</i> • <i>useful life estimate;</i> • <i>location;</i> • <i>responsibility/custodian);</i> • <i>any available indications of asset value and condition; any regular charges for usage or occupancy.</i> <p><i>The council should carry out an exercise to identify all additions to assets that have not been included since 2015 in an asset register and incorporate them at correct valuation,</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>been included as an addition at purchase cost and the 'disposal' of the old bins removed as there was no detailed separate analysis of these items that formed an inherent part of the asset list.</p> <p>The asset list also does not disclose the actual assets relating to an grouping. For instance three parks are included in the list simply by name with no assets in the parks separately listed. Therefore, the pavilions, toilet block, MUGA and tennis club and changing rooms and not mentioned in the asset list. But these items will require different asset management than the green areas of a 'park' Therefore, the asset list needs expanding to list assets within parks so that asset management can be applied and evidenced effectively.</p>	<p><i>The council must prioritise ensuring a completeness check is carried out to ensure that all assets that must be insured are insured. An internal control should be introduced to evidence that all fixed assets have been reviewed to ensure they are adequately insured, for instance a Y/N column inserted into the asset register.</i></p>	
14	<p>The council did not carry out an annual physical verification of fixed assets recorded in the asset list as required by the following Financial Regulation:</p> <p>12.6. The Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible</p>	<p><i>The Financial Regulations for fixed assets should be complied with and evidence should be retained for the annual asset verification check for audit purposes.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.		
15	The council is not currently provided with the Fixed Asset Register for review and approval annually.	<i>As part of year end procedures, the council should be provided with the Fixed Asset Register for review and approval.</i>	
AGAR internal control objective I – Periodic and year end bank reconciliations were properly carried out			
16	<p>Although bank reconciliations are being completed monthly by the District Council as part of the SLA agreement, the Town Council are not requesting these for reporting to the council meetings. The Financial Regulations require the following:</p> <p><i>2.2. On a regular basis, at least once in each quarter, and at each financial year end, bank reconciliations (for all accounts) produced by the Clerk will be reported to Council for monitoring and sign off.</i></p>	<i>The council should comply with the FRs requirements of reviewing bank reconciliations at least quarterly.</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	AGAR internal 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.		
	No issues arising – the accounting statements and balance sheet provided were supported by a complete audit trail		
	AGAR internal control objectives K - NOT APPLICABLE		
	AGAR internal control objective 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.		
17	<p>The following information is not published on the council website as required by the Local Authority Transparency Code 2015:</p> <p><i>PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:</i></p> <ul style="list-style-type: none"> - reference number - title of agreement - LA department responsible 	<p><i>The council should ensure the website is maintained up to date and that it complies fully with the publication requirements of the Local Authority Transparency Code 2015.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	<ul style="list-style-type: none"> - <i>description of the goods and/or services being provided</i> - <i>supplier name and details</i> - <i>sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</i> - <i>Value Added Tax that cannot be recovered</i> - <i>start, end and review dates</i> - <i>whether or not the contract was the result of an invitation to quote or a published invitation to tender, and</i> - <i>whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number</i> 		
AGAR internal 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 2023/24 AGAR period, were public rights in relation to the 2022/23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).			
No Issues Arising			
AGAR internal control objective N - The authority has complied with the publication requirements for the 2022/23 AGAR			
No Issues Arising			

	ISSUE	RECOMMENDATION	FOLLOW UP
AGAR internal control objective O – The council met its responsibilities as sole trustee			
18	The Kidderminster Educational Foundation charity annual return for the year ended 31/03/23 was submitted 131 days late. The return is supposed to be filed within 10 months of the end of the financial year.	<i>The council as sole trustee must ensure all returns to the Charity Commission are filed within deadlines.</i>	