

MANAGEMENT IN CONFIDENCE
**MALMESBURY TOWN
COUNCIL**

**Internal Audit
Report FY 2023/24**

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EXECUTIVE SUMMARY

Introduction

1. The Internal Audit meets the statutory requirements set out in the Practitioners Guide by completing section 4 of the Guide and providing details of emerging issues through this report.
2. I would like to thank the Town Clerk and the team for their help and assistance in producing this report.

Scope

3. The full scope of the audit is set out in Appendix 8 of the Practitioners Guide, 'A suggested approach to the internal audit testing'. The areas reviewed key controls to ensure that:

- Appropriate and robust systems are in place to manage Malmesbury Town Council (MTC) finances;
- There are proper financial instructions and delegations of authority in place;
- Proper bank reconciliations are in place;
- Transactions are correct with proper approvals;
- There are effective budgetary and financial information systems in place;
- There is an effective and efficient structure in place to ensure financial control;
- Assets are properly controlled; and
- Documentation is in good order.

4. I also reviewed the recommendations made in the 2022/2023 report.

AUDIT OPINION

The basic accounting controls are in place. Transactions are properly recorded and authorized. Salaries and tax are calculated accurately and bank reconciliations are carried out regularly. The accounting system gives monthly reports on income and expenditure against budgets. Some budgets had zero planned expenditure whilst actual expenditure and income was significant. The monthly reports would be more useful if all budgets were set and the monthly reports could be used as planning and management information tools rather than only recording tools as seems to be the case now..

There is a Risk Management strategy which sets out how risks should be measured but this strategy has not been developed into a risk plan with a Risk Register identifying the specific risks MTC faces and the mitigating actions needed to manage those risks.

The recommendation I made last year and the year before that still hold, namely the development of a new Business Plan to replace the 2018 – 2021 plan. The plan should identify and address the major issues facing MTC, for example how best to use the financial surplus, currently in excess of £400K. The current policy of earmarking funds for what in effect is simply general expenditure is not effective or

efficient planning. Nor is the idea that it can be used as a contingency against a sudden fall in funding a good use of what is in effect a windfall not available to most local councils.

In reviewing previous recommendations , specifically those on risk management and strategic business planning I note that there has been no action taken by the Council. I understand that the Council has been given examples of Plans made by similar sized nearby Local Councils. These examples show that such local Business Plans do not have to be long or complicated and can be useful in recording and directing strategy. As last years External Audit report recognized, no action should result in a no marking for these areas in the Annual Governance Statement.