

## **TEWKESBURY TOWN COUNCIL**

### **End of Year Independent Internal Audit Report 2017/2018**

The audit carried out in February covered most of the items specified in the Annual Return. My report at the time stated that I would look at a few issues at end of year and I have also followed up the position on the recommendation made in the interim report. I have examined the Council's records in the areas detailed and made enquiries as deemed appropriate.

This end of year audit took place on 23<sup>rd</sup> May.

#### References:

JPAG            Joint Practitioners' Advisory Group

*Governance and Accountability for Local Councils – A Practitioners' Guide March 2014*  
*and*  
*Governance and Accountability for Smaller Authorities In England – A Practitioners Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements March 2018*

Peter Newman  
Independent Internal Auditor  
29<sup>th</sup> May 2018

## **Year End Procedures**

The accounts are prepared on an Income and Expenditure basis and Debtors and Creditors were properly accounted for. At the time of the audit there was a small amount of bank interest paid in early April 2018 which has been included in the 2017/18 accounts. The RFO is pursuing this with a Scribe specialist. An audit trail could be followed from the underlying records to the accounts.

## **Watson Hall**

As Trustee of this registered charity, there should be a separate account kept for Watson Hall. The 2018 JPAG document (section 5 items 5.112 to 5.119) gives guidance on Trust Funds. I have discussed this with the Clerk/RFO and I understand the opening of a separate bank account is being actioned and also consideration has been given on how to organise within the Scribe system.

## **Bank Accounts**

As recommended in the 2016/17 internal audit, the number of bank accounts held by the Town Council has been reduced (to three). Implications of Watson Hall above.

## **Internal & External Audit Reports**

Minutes show that both reports were considered at council meetings and action agreed on recommendations/observations. A response to any issues raised from both audits is a condition of a positive response in the governance statement of the annual return (Part 1 item 7).

Council also reviewed the interim report for 2017/18 in February and set up an audit task and finish group to respond to recommendations made.

## **Internal Financial Controls**

At the interim audit in February I observed that an internal financial controls check had been carried out in July. Further checks took place in March 2018 and an extremely detailed report produced by the councillors who completed the checks. Many recommendations were made and a meeting between the councillor checkers and the RFO took place in April.

One issue raised by the checkers was the need to obtain Full Council approval to use funds from the contingency budget. I noticed that at Full

Council in January members considered a request from B&M committee for the use of some of the contingency budget.

**The following is an update on the recommendations made in the Interim Report.**

### **1 Regular Internal Financial Controls checks**

The checks carried out in February 2018 and resulting report was very detailed. To keep to a quarterly schedule, perhaps a basic check list could be used to alternate with the detailed one. I have undertaken to provide the Clerk/RFO with information on what some other town councils do. It will be for TTC members to decide, of course.

### **2 Risk Management**

The draft Risk Register available at the time of the interim audit appears to be the first draft and I could find no record in the minutes that this document has been considered/approved. I understand that this will be an agenda item for the next Finance committee meeting.

There are a number of instances of being considered during the year, for example B&M committee received reports on buildings risk, fire, electrical etc.

However, I could see no formal approval at council of a Risk Assessment/Strategy document.

### **3 Fidelity Guarantee**

It was noted that the cover has been raised to £500,000.

### **4 Purchase Orders**

The Purchase Order facility within the Scribe system was not used during the year when ordering goods/services. Orders were placed using letter or email. The facility is being used for the new financial year and is under trial.

### **5 Internal Checks on Payroll**

Part of the checks under 1 above. I have seen insurance policies that require quarterly checks in this area as a condition of cover.

### **6 Bank Reconciliation**

Bank Reconciliations/Statements to be signed by members as evidence of verification.

## **7 Asset Register**

A comprehensive Asset Register has been completed. All assets have been inspected (date of inspection currently being added) with a record of the condition of the asset entered. TTC's register is probably the most detailed I have seen so far.

## **8 Ensure payment certification is complete**

Some instances where initials were missing when required. The internal checkers also raised this in their March report.

## **9 Aged Debtors**

I was given an Outstanding Sales Invoice List from the Scribe system and there were just six dated earlier than March 2018. I was shown that the oldest item on the list has now been paid. I noticed an item for 975 pounds dated 15 January 2018 still outstanding.

The internal check report recommended that this report should be produced for members on a regular basis.