

TEWKESBURY TOWN COUNCIL

Internal auditor's report for the year ended 31 March 2019

Date of Internal Audit: 4.6.19

Name of Auditor: Ruth Warne

1. Working documents

Ref	Test	Meets requirements? Yes, No or N/A	Internal Auditor's comments	For use by Council
1.1	Have Standing Orders been tailored and formally adopted?	Yes	Adopted 11/12/17. Note that NALC issued updated Standing Orders, July 2018. <u>Recommend:</u> that the updated NALC SOs are adopted.	
1.2	Have Standing Orders been reviewed and minuted?	No		
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes	Adopted 11/12/17	
1.4	Have Financial regulations been reviewed and minuted?	No	Council are currently undertaking a wide ranging review of Financial Regs. <u>Recommend:</u> that limits for authority to spend by Clerk/Clerk & Chairman/Clerk in emergency be reviewed in light of operational requirements.	
1.5	Does the council have a grant awarding policy?	Yes	Adopted 2014. Council may wish to review this. There is also a well structured grant application form on website and list of grants awarded.	
1.6	Have items / services above the	N/A		

	recommended amount been competitively purchased in accordance with Financial and Procurement Regulations? (LARGE COUNCILS)			
1.7	Evidence that council maintains an adequate & effective system of internal control, including risk management and that it is reviewed by full council annually?	Yes	Two Members appointed 23/4/18 to do checks (Minute 18/19-089).	
1.8	Details of public land and building assets on website (if applicable)	Yes		
1.9	Code of conduct adopted?	Yes	Adopted 18/5/15	
2.	ADMIN			
2.1	Has the General Power of Competence been adopted? Eg a minute reference	Yes	At Full Council, 9/7/18, Minute 18/19 - 181	
2.2	Is there a separate account for s.137 payments?	N/A		

2.3	Council authorisation of Direct Debit list and Standing Orders?	Yes		
2.4	Was the precept demand properly minuted?	Yes	At Full Council, 21/1/19, Minute 18/19 – 316. Discussion is minuted in detail – good.	
2.5	Was Petty Cash expenditure approved?	Yes	Good records kept, expenditure is properly vouched. Fin Regs specify petty cash float of £100 which seems low in view of demands upon the float.	

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
2.6	Receipts issued for cash income?	Yes	Receipt book seen.	
2.7	Is all expenditure supported by VAT invoices, if applicable?	Yes		
2.8	VAT - recorded and paid / reclaimed properly?	Yes	Claimed quarterly. Detailed statement on file at EOY of various historical adjustments which have been made – good.	
2.9	Purpose of loan and power identified, if applicable	N/A		
3.	RISK MANAGEMENT			
3.1	Insurance policy in	Yes		

	place?			
3.2	Insurance – evidence of review of cover	Yes	At Full Council, 21/5/18 (Minute 18/19-122), changed insurer, 3 year contract.	
3.3	Copy of Risk Management policy / statement seen?	Yes		
3.4	Asset register seen and up to date?	Yes		
3.5	Evidence that assets have been inspected for risk	Yes	Within Asset Register and in Risk Register	
3.6	Review of investments, including bank accounts	No	Interest rates low, low risk investments	
3.7	Is 'two councillor signatures' rule applied for payment orders?	Yes	Payments sheet is signed by 2 Members and Clerk effects payments by bank transfer. <u>Recommend:</u> that checking is done by a Member/member of staff before transfer is made.	
3.8	If credit / debit / prepaid cards in use, are proper procedures in place?	No		
3.9	Electronic and physical records backed up	Yes	IT support contract	

4. Budgetary controls

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
4.1	Was a budget adopted and	Yes	On website	

	minuted?			
4.2	Were the objectives of the reserves identified?	Yes	<p>Note that overall level of reserves at end of year is low in relation to Precept (recommended level of reserves end of year is minimum of 1 to 1.5 x Precept)..</p> <p>The general reserve is high.</p> <p><u>Recommend:</u> review of earmarked reserves to to increase E/Rs where necessary to (1) ensure sufficient funds for future maintenance/development of Council assets (2) take advantage of opportunities which may arise, ie, institute a sinking fund (3) start contingency fund to mitigate risk of unexpected liabilities, eg, uninsured losses.</p>	
4.3	Did the council regularly compare the actual income and expenditure to the budget? As detailed in the financial regulations.	Yes	<p>References in FC Minutes, but no statement of I/E attached to Minutes</p> <p><u>Recommend:</u> statements of income and expenditure are attached to Minutes for greater transparency. Council may wish to consider changing their financial software.</p>	
4.4	Are any significant unexplained variances from budget minuted?	Not seen	These are identified on end of year summary, and Clerk was able to explain all variances.	

5. Payroll

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
5.1	Do all staff have a contract of employment?	Yes		

5.2	Do salaries paid agree with those approved by Council?	Yes		
5.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Payrolls UK	
5.4	Minimum wage paid?	Yes		
5.5	Are Councillor's allowances and expenses properly authorised & controlled (LARGE COUNCILS)	Yes	Mayor's allowance £1500, agreed by Council 21/6/18	
5.6	Pension provision – eligible employees offered pension scheme?	Yes	All staff are either LGPS or NEST	

6. Year-end procedures

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
6.1	Bank reconciliation: - (a) Original bank statement(s) seen? - (b) RFO's reconciliation?	Yes Yes	RFO's reconciliation is presented to Full Council regularly throughout the year. Note	

			previous auditor's recommendation that these be signed by Member.	
6.2	Where appropriate, debtors and creditors properly recorded? (LARGE ONLY)	Yes		
6.3	Council as a whole to consider the year-end accounts	Yes	At Full Council 18/6/18 (for 17-18), Minute 18/19 - 161	
6.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council and published on website (mandatory for councils with turnover under £25,000)	Yes	At Full Council 18/6/18 (for 17-18), Minute 18/19 - 160	
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council	Yes	At Full Council, 18/6/18 for 17-18, Minute 18/19 - 162	
6.6	Previous internal audit – action taken where recommended? Internal Audit page published on website (mandatory for councils with turnover under £25,000)	Yes	17-18 Internal Audit discussed at Full Council 18/6/18 Interim audit done November 2018: financial statements are now produced specifically for the Watson Hall in respect of its status as a charitable trust.	
6.7	Previous external	Yes	At Full Council, 10/12/18, Minute 18/19 – 292.	

	audit – action taken where recommended?			
--	---	--	--	--

7. Other matters

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
7.1	Policies in place for compliance with GDPR?	Yes	Privacy Notice dated May 2018 on website Discussed at Full Council, 21/5/18 (Minute 18/19-132)	
7.2	Is the Council a Managing Trustee	Yes	Watson Hall (at least in part) The exact legal status of the Watson Hall is a complex matter and specialist legal advice is being sought. Meanwhile the Council is fulfilling its duties as a managing trustee in ensuring that the charitable objects are met, the building is properly maintained and operated, and separate financial reports are produced.	

8	PROCEDURES			
8.1	Minutes – DPIs or other interests recorded?	Yes	Interests are recorded but type of interest not identified (eg DPI or personal) <u>Recommend:</u> type of interest is recorded	
8.2	Minutes published on website in draft form within one month?	Yes		
8.3	Minutes initialled on each page and final page signed	Yes		

	Minutes generally	Comment	<p>There has been retrospective approval of payments, in some cases there is a lengthy period between payment and approval (eg, 21/5/18 of February payments). However, the Clerk has improved procedures so that this has now been resolved.</p> <p>Council approves payments on basis of a payments sheet which is tabled but which is not put on website or appended to the Minutes.</p> <p><u>Recommend:</u> show total of payments on the payments sheet and state this within the Minutes so that the payments sheet and Minutes are clearly tied together.</p>	
8.4	Compliance with Transparency Code/guidance?	Yes	Publication of items over £500	
8.5	List of members' interests held?	Yes		
8.6	Were books made up to date?	Yes		
8.7	Agendas signed and displayed 3 clear days' prior	Yes		
8.8	Summons issued in proper format?	Yes		

9	SAMPLING	Meets requirements?	Internal Auditor's comments	For use by Council
9.1	Is income properly recorded and	Yes	Till rolls from Tudor Bar were seen.	

	promptly banked?			
9.2	Audit trail for selected sample transactions?	Yes		