

TEWKESBURY TOWN COUNCIL.
Internal auditor's report for the year ended 31 March 2020
Date of Internal Audit: 3rd/4th February 2020
Name of Auditor: Liz Dowie

GAPTC internal audits comply with the proper practices outlined in the Governance & Accountability for Smaller Authorities – A Practitioners' Guide and the Accounts and Audit Regulations 2015.

The GAPTC internal audit reviews and reports on whether the systems of financial and other internal controls over its activities and operating procedures are effective. The audit tests a variety of documents, including agendas and minutes, policies, insurance and risk management processes, to ensure Council meets the requirements set out in the Annual Internal Audit Report in the Annual Governance & Accountability Return. The internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

Our auditors are independent of the Council and are competent to be able to carry out the requirements of the internal audit service.

1. Working documents

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
1.1	Have Standing Orders been tailored to council and formally adopted?	Yes	Adopted 11/12/2017	Website - Policies
1.2	Have Standing Orders been reviewed and minuted?	No	No reviews recorded in Minutes. Recommend that Standing Orders are updated to the more recent NALC model published in 2018.	Website – Policies
1.3	Have Financial Regulations been	Yes	Adopted 11/12/2017	Website - Policies

	tailored to council and formally adopted?			
1.4	Have Financial regulations been reviewed and minuted?	Yes, see comments	Financial Regulations are currently under review. Draft Regulations are to be considered by Full Council at February meeting.	Website – Policies Minutes – Finance 13/1/2020 F19.128 F Full Council 20/1/2020 19/20 - 162
1.5	Does the council have a grant awarding policy?	Yes	Grants policy adopted in Sept 2014. Council may wish to review policy.	Website – Our Services – Community Grants
1.6	Have items / services above the recommended amount been competitively purchased in accordance with Financial and Procurement Regulations? (LARGE COUNCILS)	No, but see comments	Contract Finder was not used for contract to update recreation areas (granted to Wicksteed approx. 3 years ago). However, 3 quotes were obtained.	Clerk, Deputy Clerk Payment to Wicksteed on 17/12/19 for £57, 216
1.7	Code of conduct reviewed?	No	Adopted on 18/5/2015. No evidence of review. Recommend that review is carried out following each election.	Website - Policies

2. Admin

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
2.1	Has the General Power of Competence been adopted (e.g. a minute reference)?	Yes	Adopted following 2019 election	Minutes - Full Council 3/6/2019 19/20 - 027
2.2	Is there a separate account for s.137 payments and within statutory limits?	N/A		
2.3	Council authorisation of Direct Debit list and Standing Orders?	Yes	Finance Committee approves and minutes all new Standing Orders and Direct Debits, with actual payments being authorised within requirements of Financial Regulations. Direct Debit list reviewed annually by Finance Committee. Subscriptions paid by Standing Order are reviewed annually.	Minutes New D/D Finance 5/11/19 F.19.087 D/D review Finance 19/6/19 F.19.017 Subscriptions Full Council 3/6/19 19/20 - 023
2.4	Was Petty Cash expenditure approved, if any?	Yes	Effective authorisation process in place and since Jan 2020 all petty cash withdrawals will be approved by Finance Committee. Monthly use of petty cash usually in region of £80 - £100 and regularly used for larger items. Recommend that Council considers using a charge card for items over £10.	Petty Cash record sheets April 2019 – Jan 2020 Minutes - Finance 13/1/2020 F.19.123 Larger items – Phone £24.99 (June), phone top-up £45.00 (July), key cutting £19.24 (Jan).
2.5	Receipts issued for cash income?	Yes	Receipts issued for cash received at Reception. Processes in place to ensure safe transit of cash bar takings between Watson Hall and Office, but recommend that these receipts are also signed for. Cash wages to casual bar staff are recorded but receipt not obtained – however, this is to be rectified when these staff are added to payroll w.e.f 1/4/2020.	Receipts book Bar takings summary sheets

2.6	Is all expenditure supported by VAT invoices, if applicable?	Yes		Invoices
2.7	VAT - recorded and paid / reclaimed properly?	Yes		VAT claims, bank statements Claim submitted 4/11/2019 £5,476.83 received in bank 8/11/2019
2.8	Purpose of loan and power identified, if applicable?	N/A		

3. Risk management

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
3.1	Insurance policy in place?	Yes		Insurance Policy – WPS Brokers Renewed 1/7/2019 – 30/6/2021

3.2	Evidence of review of insurance cover to ensure still fit for purpose?	Yes		Minutes – FC 8/7/2019 19/20 - 050
3.3	Copy of Risk Management policy and Risk Assessment seen?	Yes	Reviewed annually.	Risk Management Register Review minuted – Finance 2/5/19 F.18.185
3.4	Evidence that internal controls take place and are documented	Yes	A very robust and detailed internal checking procedure is in place. Carried out by 2 councillors.	Quarterly internal check list Financial checking report 1/4/19 – 31/7/19 Appointment of checkers FC 8/7/19 19/20-046
3.5	Asset register seen and reviewed regularly?	Yes	Regularly reviewed and updated. Reviewed in July 2019. Also checked as part of internal control procedure. Records will be transferred to new RBS system when time permits.	Asset Register Financial checking report 1/4/19 – 31/7/19 Review - Finance 19/6/19 F.19.018 - FC 3/6/19 19/20 - 021
3.6	Evidence that assets have been inspected for risk, reported in minutes and actions undertaken?	Yes	Condition reports and risk assessments presented at relevant Committee meetings and minutes of these meetings are noted at subsequent Full Council meeting.	Minutes FC, B&M, E&A Condition reports eg E&A 3/9/19 19/034
3.7	Review of investments, including bank accounts?	Yes	Ongoing consideration by Finance Committee	Minutes eg Finance 5/11/19 F.19.086
3.8	Is 'two councillor signatures' rule applied for payment orders?	Yes, but see comments	Within sample of transactions, one payment was identified where the online list of payments had not been initialled by the authorising councillors, and one cheque payment where the cheque stub had not been initialled. Overall, robust procedures in place and adherence to procedures very good in light of the volume of	Online Payment 14/5/19 GES £456.00 Cheque 2378 14/5/19 C Danter £126.00

			transactions processed.	
3.9	If credit / debit / prepaid cards in use, are proper procedures in place?	N/A		
3.10	Electronic and physical records backed up?	Yes	IT support contract Accounting software RBS – back ups	

4. Transparency Code

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
4.1	Details of public land and building assets on website (if applicable)?	Yes		Website – Budget and Finance Reports
4.2	Minutes published on	Yes		Website - Meetings

	website in draft form within one month (mandatory for councils with a turnover of less than £25,000)?			
4.3	Compliance with Transparency Code for councils with turnover of less than £25,000 and over £200,000?	Yes	Payments over £500 published	Website – Financial Information

5. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
5.1	Was a budget properly prepared, adopted and minuted?	Yes	Committee budgets to Finance Committee, then approved by Full Council	Minutes Finance 7/1/19 F.18.117 FC 21/1/19 18/19 - 315
5.2	Were the objectives of the reserves identified?	Yes	Earmarked reserves are identified and reserves reviewed by Finance Committee.	AGAR Accounting Statement Box 7 £258,558 Precept 2019/20 £301,288 Review: Finance 19/6/19 F.19.014

5.3	Was the precept demand properly minuted in full council?	Yes		Minutes FC 21/1/19 18/19 - 316
5.4	Did council regularly review bank reconciliations and reconcile them with the cash book?	Yes	Bank reconciliations presented at each Finance Committee meeting. RFO and Finance Committee member initial balances on reconciliations and bank statements.	Bank reconciliations Bank statements Minutes eg Finance 19/6/19 F.19.008
5.5	Did the council regularly compare the actual income and expenditure to the budget (as detailed in the financial regulations) and evidenced in the minutes?	Yes	Income and Expenditure reports reviewed at every Finance Committee meeting. Monthly finance reports presented at every Full Council meeting	Minutes eg Finance F.19.010 FC 9/12/19 19/20 - 137
5.6	Are any significant unexplained variances from budget reported?	Yes	Incorporated within RBS reports	No significant variances identified within sample

6. Payroll

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
6.1	Do all staff have a contract of employment?	Yes, but see comments	Staff appointed before 1/4/19 have contracts based on old salary scales. Recommend that council reviews contracts to reflect new spinal column points and pay scales which came into effect on 1/4/19	Staff contracts
6.2	Do salaries paid agree with those approved by Council?	Yes		Staff contracts Monthly payroll - February 2020

6.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Payroll outsourced to Payrolls UK	
6.4	Minimum wage paid?	Yes		Staff contracts
6.5	Are Councillor's allowances and expenses properly authorised & controlled, if any?	Yes	Mayor's Allowance £1,500 approved by Full Council	Minutes FC 3/6/19 19/20 - 014
6.6	Pension provision – eligible employees offered pension scheme and outcome minuted?	Yes	NEST or LGPS provision is available to all staff.	Staff contracts
6.7	Has auto-enrolment registration with Pension Regulator been reviewed (if applicable)	Yes	Reviewed at Staffing Committee on 29/1/20	Draft minutes not available at time of audit.

7. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
7.1	Are debtors and creditors recorded properly on separate balance sheet if using Income & Expenditure reporting?	Yes	Recorded on RBS reports and presented to each Finance Committee meeting.	RBS reports Minutes eg Finance 20/8/19 F.19.047
7.2	Council as a whole to consider the year-end accounts?	Yes		Minutes FC 27/6/19 19/20 - 039
7.3	Annual Governance Statement, section 1 of Annual Return,	Yes		Minutes FC 27/6/19 19/20 – 038

	approved by whole council			
7.4	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council?	Yes		Minutes FC 27/6/19 19/20 - 040
7.5	Are all sections of the Annual Governance & Accountability Return published on the website (mandatory for councils with turnover under £25,000)?	Yes		Website – Financial Information – Annual Accounts
7.6	Previous internal audit report reviewed by council and action taken where recommended?	Yes		Minutes Finance 19/6/19 F.19.012 FC 27/6/19 19/20 - 037
7.7	Previous external audit report (for councils with turnover over £25,000) reviewed by council and action taken where recommended?	Yes	Exercise of Public Rights – to be corrected this year A legal opinion is being sought regarding the Council's position as trustee of the Watson Hall and the inclusion of the Hall's income and expenditure within the AGAR Section 2 Accounting Statements. This matter is ongoing and will not be resolved before the year end and is therefore likely to be raised by the external auditor again this year.	

8. Other matters

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
8.1	Policies in place for compliance with GDPR, such as Data Protection Policy for Staff & Councillors and for the public?	Yes, but see comments	A General Privacy Statement for residents and members of the public is published on the website. Recommend that a Privacy Statement for Staff, Councillors and Role Holders is also published. (ICO template available on the GAPTC website)	Website - Policies
8.2	Is the Council a Managing Trustee?	Yes	Watson Hall (in part). As stated above, Council is seeking a legal opinion to resolve the complex trusteeship issues.	Clerk
8.3	Do trustees meet at least once a year and publish separate accounts?	Yes	Separate accounts are maintained. However, see 7.7.above regarding the end of year Accounting Statements.	RBS reports
8.4	Did council formally appoint GAPTC as the Internal Auditor?	Yes		Minutes – Finance 28/11/19 F.19.106

9. Procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
9.1	Minutes – DPIs or other interests recorded?	Yes		Minutes – Full Council and Committees
9.2	Minutes initialled on each page and final page signed?	Yes		Minute books
9.3	List of members' interests held and published on the website?	Yes		Website – Councillor Profiles
9.5	Agendas signed and displayed 3 clear days' prior to meeting?	Yes		Website - Meetings
9.6	Summons issued in proper format?	Yes		Website - Meetings

10. Sampling

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
10.1	Is income properly recorded and promptly banked and receipts issued for cash income?	Yes	See comments under 2.5 re receipts for cash income	Receipts book Bar summary sheets Bank paying in books
10.2	Audit trail for selected sample transactions?	Yes	Every invoice bears a stamp to record evidence of authorisation by councillors. Due to the volume of transactions, payments are ratified at the next Committee or Full Council meeting, with two councillors signing the relevant payments list. The total of the payments list is now included in the Minutes for cross-referencing purposes. However, on 2 transactions sampled there was no record on the invoice of where the payment was recorded in the minutes. Recommend that all invoices record the date and title of the meeting and that the payments lists also record this information in order to further improve the cross-referencing system. See also comments under 3.8	See sample of transactions worksheet
10.	Are registers up to date for council-owned burial grounds and purchase of Exclusive Rights of Burials certificate completed?	N/A		

