

DURSLEY TOWN COUNCIL

Independent Internal Audit 2018/2019 - Final Report

The approach to the audit is based on the guidance detailed in the JPAG publication (see reference below). The Interim and Final Audits were carried out on the 4th & 5th December 2018 and the 30th April 2019. I produced a report covering the areas examined in December and this document is an updated report reflecting the outcome of the April visit.

The main part of this report is arranged to cover the headings in the Internal Audit section of the Annual Return. I have examined the Council's records in the areas detailed and made enquiries as deemed appropriate. In my opinion the Council's systems of internal control are fit for the purposes intended

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
1st May 2019

1 Proper Bookkeeping

The Scribe software is used for bookkeeping.

I could see that an appropriate cost centre and ledger code structure is in place, which provides financial information in formats required for proper monitoring.

I checked a random sample of entries at both audits. All agreed with supporting vouchers and the correct codes appeared to have been allocated. The accounts are up to date and are regularly balanced.

These checks are also made by the appointed Internal Controls member.

2 Financial Regulations/Payment Controls

The Council's revised Standing Orders and Financial Regulations were adopted in March 2018. Updated Standing Orders were agreed in May.

I examined a selection of invoices; all were properly authorised and the payments could be followed through to presentation on the bank statements.

A schedule of payments is presented to Council for approval, this approval minuted and the schedule initialled by the Mayor/Deputy Mayor. Invoices are rubber stamped with a certification box for initialling that goods have been received/work done and for the Mayor/Deputy Mayor to initial as having been passed for payment. All payments checked were backed up by invoices which were properly authorised.

Levels of expenditure are defined in the Financial Regulations where the Council has to seek quotations or tenders from at least three suppliers. Tenders were sought from a number of contractors for the long stay car park in Long Street. The tenders were properly considered and the contract awarded. Council received the required number of quotations for other contracts of high value but below the £60,000 tender level. I could see the submissions for both the demolition of Reliance House and for the Youth Project. Minutes show that Council also asks for quotes on lower levels of expenditure as a matter of course.

Grants expenditure is separately identified and monitored.

VAT items checked had been recorded and claimed.

Dursley Town Council has adopted the General Power of Competence, so Section 137 expenditure does not apply.

3 Risk Management Arrangements

No unusual financial activity was identified in the minutes.

Insurance cover was reviewed at the time of renewal in May.

An updated Risk Assessment document was approved at the Policy & Finance committee meeting in February for recommendation for adoption at full Council..

At Council meetings councillors scheduled to undertake Internal Controls Checks are noted. I could see evidence of four such checks during the year.

4 Budgetary Controls

Actual expenditure against budget is reported monthly to members. Minutes show that members discuss variations and agree action regarding likely over/underspending. I could find no unexplained large variances from budget.

Discussions on draft budgets and forward planning documents were underway at the time of the December visit. The minutes show that the budget and precept were properly considered and approved at the January Council meeting, together with a forward programme to 2022.

5 Income

Income received is reported to members monthly.

This is a subject of the internal control checks performed by the appointed member.

The recorded precept received from the District Council agreed with the precept notification.

I examined a sample of invoices sent, including cemetery charges, hire of football pitches and allotment charges. All charges on the items checked were at the correct rates and VAT charged as appropriate.

6 Petty Cash

This is another area covered by the internal controls member. The member confirms that the petty cash book balances with cash held.

All of the items examined at the audit were supported by vouchers/receipts and properly accounted for. A separate spreadsheet of petty cash expenditure is maintained and periodic reconciliations carried out.

7 Payroll Controls

All employees have contracts of employment. Salaries to employees have been paid in accordance with Council approval.

Payments of expenses to employees were reasonable, backed up by receipts and included on the payments schedule.

A sample check showed PAYE, NI and pension deductions have been processed correctly, including employers NI and pensions contributions.

8 Asset Controls

The Council's Asset Register for 2018/19 was available. The register is under regular review. A check of assets against insurance cover was carried out at the time of renewal in June.

Financial Regulations state the need for the verification of the continued existence of tangible assets at least annually and that insurance cover is adequate and sufficient. This is an area included on the internal controls check list. At their June meeting, Green Spaces committee discussed the annual RPII playground checks and also the regular weekly/monthly checks by Green Spaces staff. Documents recording these checks were available for me to examine.

9 Bank Reconciliation

Bank Reconciliations are carried out regularly for individual accounts and overall. Reconciliation statements on file were signed by the Mayor after resolution by Council.

The year end reconciliation balanced without problems.

10 Year End Procedures

The accounts were prepared on an Income & Expenditure basis. An audit trail could be followed on all areas examined. Debtors and Creditors appear to have been properly recorded. The Clerk/RFO confirmed there were no Sundry Debtors at year end. The only item under the Debtors heading is the VAT Recoverable figure for the period January to March the claim for which was submitted in April.

Other areas covered at audit

Grants

Council makes substantial contributions to the Youth Project. Minutes show that Council representatives attend regular service meetings and report back to the Council Meetings. Council considers regular reports from other areas where grants have been given.

Codes of Conduct etc

The Council's Code of Conduct was adopted in October 2015.

Minutes show that members regularly state Declarations of Interest at meetings.

Internal & External Audit Reports

The Internal and External Audit reports were considered at council meetings. There were no issues raised in either report.

Twinberrow Foundation

Council acts as trustee for the above and correctly keeps a separate account and no transactions included in the Council's accounts.