

DURSLEY TOWN COUNCIL

Independent Internal Audit 2017/2018 - 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 30th & 31st January and the 23rd April 2018. I produced a report covering the areas examined in January 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. Any recommendations are included in the body of the report and summarised at the end.

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
24th April 2018

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; 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 Standing Orders and Financial Regulations, both based on the NALC models were reviewed and updated and then adopted by Council in March 2018.

I examined a selection of invoices; all were properly authorised and the payments could be followed through to presentation on the bank statements. A further sample was checked in April and no issues found.

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. Council sought quotations for grass cutting and for management of the town centre car park project which requires specific expertise. Council resolved to fund the purchase of the land/building from a Public Works Loan Board loan. The other costs related to the project to come from reserves.

I could see 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. Minutes show that at the Annual Meeting in May 2017, members considered four quotations for a three year insurance arrangement and resolved on Zurich.

The Council's Risk Assessment was considered by the Policy and Finance committee and it was agreed that the chair and town clerk will review the document in detail and report back with recommendations for any modifications.

At Council meetings councillors scheduled to undertake Internal Controls Checks are noted. I could see evidence of a number of 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.

Draft budgets and forward planning documents were discussed at the spending committee meetings. The budget, precept and reserves were agreed at the January 2018 Council meeting, together with a project programme for 2018-21 and projected budgets for 2019-21.

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. At the Green Spaces committee in September, it was decided that cemetery fees should be paid prior to interment.

It was noted that revised charges for burial grounds, sports grounds and allotments for 2018/19 were agreed at GP committee and confirmed by Council in January.

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.

Petty Cash (cont'd)

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.

It was noted that Council uses Makinson & Co to process its payroll. Payroll is another item on the internal check list.

8 Asset Controls

The Council maintains a register of assets which is included as part of the year end statements. I examined an Asset List and compared a selection of items against the insurance schedule. Cover appeared adequate on the items checked. It was noted that Reliance House now on the schedule.

Financial Regulation 14.6 states 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.

I could see no unexplained balancing entries on the reconciliations.

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.

Other areas covered at audit

Grants

Council makes substantial contributions to the Youth Project. Minutes show that Council representatives attend quarterly service meetings and report back to the Council Meetings. It was noted that at the P & F committee in October six stipulations related to large grants for 2018/19 were agreed.

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 and any action agreed. 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).

Town Centre Car Park

At the Council meeting on the 21st November 2017, it was resolved to sign the documents (witnessed by the Clerk):

Contract for sale of freehold land with vacant possession

Overage Deed

Transfer of whole of registered titles

Twinberrow Foundation

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