

## Internal Audit Report of Bingley Town Council

Date of visit 30<sup>th</sup> May 2019

### Introduction

As the Internal Auditor for Bingley Town Council I have been appointed to complete two internal audit visits per year. A mid-year visit and an end of year visit. This visit was the end of year visit.

The role of an internal auditor is to ensure that there are robust controls in place so that the council can function effectively. It is important, therefore, to ensure that an auditor is objective and independent from the council in order to make considered improvements for the future. As I am not part of the organisation being audited I am in a position to look at the current operation of Bingley Town Council and make objective and useful recommendations for improvement.

Each visit has an agreed programme of examination, but this is not static and will change depending on the current challenges faced by the council.

### Year End Visit

- Progress regarding previous Audit Recommendations
- Examination of the Council minutes since the last audit to determine activity and make comments
- Financial Policies and Procedures
- Other operational policies
- Asset Register
- Insurance
- Ensuring robust financial controls remain in place
- Laura's Appraisal
- Financial transaction testing since the last audit visit
- Annual Return
- Challenges to the Council since the last audit and if applicable legislative changes

### Progress regarding previous Audit Recommendations

The starting point of each audit is the action taken on the recommendations from previous internal and external audit reports. I was pleased to note that the Annual Return for 2018/19 which is the external audit output was correctly published on the web site and that it had it stated that it was an unqualified report with no matters arising.

At the side of each recommendation from my previous audit are notes in italics denoting from my conversation with Ruth as to what action has been taken.

The recommendations from the previous audit were;

- Adopting a considered prioritisation approach to future decision making is recommended. A taking stock exercise is needed. This is particularly

important as we approach an election year as current councillors who perform project management roles may not be re-elected which would affect project sustainability. This risk should be added to the risk register. *Ruth and I had a detailed discussion as to the projects going forward and I was reassured by the policies and procedures in place that as far as possible there were measures in place to ensure their effective delivery. I was impressed by the risk and resource assessment procedure which is a business case methodology for new projects and is an excellent example of good practice. I also noted that each project is evaluated, and specialist advice obtained when required. For example, the VAT advice obtained for the Toilets Project and the employment of a Project Manager. In the few years the Town Council has been operating it has forged ahead with its vision to make a difference and the application of these measures will help projects to succeed.*

- Addition of the up-front payment to the payroll provider be added to the risk register. *This has been actioned and the pay roll provider has created a client account.*
- Continued use of Rialtas to close the financial year end. *Rialtas closed the 18/19 financial year. This is a good extra control for the management of the council's finance's, and I recommend that this continues.*
- Clarification of the pension payments process when additional information is received. *This has been actioned as a control account has been set up to monitor it.*

I am pleased to note that the Council has taken the appropriate steps to implement my recommendations which will help improve service delivery.

### Audit Examination and Findings

#### Examination of the Council minutes since the last audit to determine activity and make comments

Prior to my visit I examine the minutes of the meetings which have taken place since my last visit. This is essential research to determine council activity and how I can best direct the internal audit programme for each visit.

The queries I had from the examination of the minutes prior to my visit were satisfactorily answered by Ruth.

#### Financial Policies and Procedures and other operational policies

I examined the Standing Orders, Financial Regulations, Risk Assessment Policy and the Internal Control Documentation and found them to be satisfactory.

I also noted good practice in all operational policies with a written procedure for all areas of the Council's current business.

#### Asset Register

I examined the Asset Register and found it to be up to date. At the year-end 2018/19 the Council has £41,081 in assets.

## Insurance

I examined the process for the procurement of insurance, the Council had used the council specialist broker Came and Co who had obtained three quotes. Inspire was the chosen provider, which was resolved by the Council, minute reference 1819/61. This area was found to be satisfactory.

## Ensuring robust financial controls remain in place

Bingley Town Council has good systems of financial control. The Council has yet to start the process of on-line banking and is still using cheques. I fully understand that on-line banking requires a differing assessment for the controls in place but as cheques are used increasingly less it is a recommendation that Bingley Town Council consider this change in its working practices.

## Laura's Appraisal

In discussion with Ruth the process for Laura's appraisal was discussed. Laura received an appraisal in the year being audited and was rewarded with an increment and extra annual leave for her performance.

## Financial transaction testing since the last audit

I examined all expenditure transactions from November 2018 to March 2019. I found that there was an excellent audit trail and the reports provided by the financial software were accurate and timely. My queries from this process were all answered to my satisfaction by Ruth.

## Annual Return

As it was the year end visit the main emphasis was the Annual Return. The financial information produced by the Rialtas Financial software is effective and gives assurance to the Council that the accounts are timely and accurate. I checked that the amounts on the year-end reconciliations were correctly reconciled to the bank statements. The current account had £42,763.19, the savings account £20,226.12 and the investment at this time with the CCLA was £80,000. After the deduction of un-presented cheques of £5,067.43 this equates to a carry forward of £137,921.88 from 2018/19 to 2019/20.

My only comment in this area was that there was not enough detail regarding the calculation of the reserves. During the year the reserve figure of £85,954 had been agreed and I was not sure as to how this had been reflected in the year end balances. Ruth and I agreed that this was because of how Rialtas reported the year end carry forward which includes the reserve monies. We agreed that this would be queried with Rialtas for clarification.

## Challenges to the Council since my last visit.

As I have previously reported Bingley Town Council continues to effectively serve its community. The list of projects being undertaken and those being considered continues to grow. I felt assured that the current methodology for assessing the

council's growing business is adequate, but it must be stressed that this rigorous application of controls must continue.

Whilst looking at the minutes for the year being audited, I noted that when you go on the website it states that it is not secure. This may not be the case, but this statement can put people off from visiting the site. To ensure that the website is secure I recommend that the council purchases a Secure Sockets Layer (SSL) Certificate. SSL is the standard for Internet security as it creates a secure connection between a web server and browser. They are not expensive and cost around £120 in the first year.

### Conclusion and Recommendations

I did not find any fundamental or significant findings in my examination of the accounts and procedures.

I was very pleased to note that my previous recommendations had been actioned.

The recommendations from this audit are;

- Continued use of Rialtas to close the financial year end.
- Clarification of the agreed reserve calculations for the next year end process.
- To continue the good practice for business case methodology for projects and to continue to source specialist advice.
- To purchase an SSL Certificate.
- Consideration of on-line banking.

My next visit will take place in Autumn 2019 and I would like to thank Ruth for her help during the audit process and wish Bingley Town Council all good wishes for the coming year.

Diane Brown  
Bingley Town Council Internal Auditor  
03/06/2019