

Bingley Town Council's Review of the Effectiveness of the Internal Audit Year End 2022/2023

Within the financial year 2022/2023 there have been 2 internal audits, one undertaken by Diane Brown, who was appointed as Bingley Town Council's Internal Auditor for the financial year 2021-22 and one undertaken by Rachel Pearson, who was appointed as Bingley Town Council's Internal Auditor for 2022-23, following Ms Brown's retirement.

The first review for year ending March 31st 2022 was undertaken on 7th June 2022.

The second "mid-term" review for 2022-23 was completed on 7th January 2023.

STANDARDS	EVIDENCE OF ACHIEVEMENT	COMMENTS
<p style="text-align: center;">Scope of examination</p>	<p style="text-align: center;">Scope of audit work takes into account risk management and wider internal control.</p> <p style="text-align: center;">Terms of reference for audit define responsibilities in relation to fraud.</p>	<p>Internal Audit Reports for Bingley Town Council, date of visits 2022-23 - end of year visit was undertaken on 7th June 2022 and the mid-term visit 7th January 2023 (both carried out remotely):</p> <p>'I completed the audit after RBS had closed the year and noted that the year end reports were accurate and balanced to the bank statements. As the Council prepares its accounts on an income and expenditure basis all transactions must be stated in the correct financial year. This entails explanations of year end adjustments for debtors, creditor, and provisions. I examined these and found them to be reasonable and appropriate. As I had been consulted regarding the year end reserves, I found that the reserves were appropriate and had been properly reviewed for the budget assessment process [...] I noted that the Council had correctly provided for the exercise of public rights on the Council's website. As part of the audit process, I complete page 3 of the AGAR. This contains a listing of internal control objectives, and my audit determines if they have been achieved. I found a good accounting system in operation, and I was able to tick all areas of this page of the AGAR positively.' (7th June 2022, p. 3)</p>

		<p>'The Auditor reviewed a sample of purchase and sales invoices. All items were found to have an audit trail and were authorised. A list of payments are provided to Full Council at each meeting where payments are agreed.' (7th January 2023, p. 3).</p>
Competence	There is evidence that internal audit work has been carried out ethically, with integrity and objectivity.	<p>Bingley Council Audit Plan:</p> <p>This document outlines the aims, schedule, and requirements.</p>
Relationships	<p>Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters</p> <p>The responsibilities of Council members are understood; training is undertaken by Councillors as required</p>	<p>Internal Audit Report for Bingley Town Council, date of visit 7th June 2022:</p> <p>'This year end has been a smoother one than last year and the Town Clerk and Deputy Clerk have effectively worked together to close this year end.' (7th June 2022, p. 3)</p> <p>Internal Audit Report for Bingley Town Council, date of visit 7th January 2023:</p> <p>'Internal Controls are set out in the Financial Regulations and audit checks can confirm they are being completed.' (7th January 2023, p. 4)</p> <p>'All members of staff have current job descriptions and terms and conditions. The Council also has an annual appraisal process.' (7th January 2023, p. 6)</p>

Was the internal audit effective?

Characteristics of Effectiveness	Evidence of achievement	Areas for improvement
Internal audit work is planned	As per each internal audit report, the next internal audit to take place is scheduled at this time, therefore it is planned 6 months in advance.	

<p>Understanding the whole organisation, its needs and objectives</p>	<p>Internal Audit Report of Bingley Town Council, date of visit 7th June 2022:</p> <p>‘Bingley Town Council continues to be a well-run Council and I did not find any significant issues.’ (7th June 2022, p. 4)</p> <p>Internal Audit Report of Bingley Town Council, date of visit 7th January 2023:</p> <p>‘The minutes and accounts have been reviewed for unusual financial activity and none has been identified.’ (7th January 2023, p. 4)</p>	
<p>Be seen as a catalyst for change and forward looking/ Add value and assist Bingley Town Council in achieving its objectives/ Responsive to challenge</p>	<p>Internal Audit Report of Bingley Town Council, date of visit 7th June 2022:</p> <p>‘Progress from the Audit recommendations from the mid-year audit</p> <ul style="list-style-type: none"> • Internal Control documentation which notes the testing completed by Councillors to be available for the next audit. <i>Actioned</i> • Examination of the Reserves to ensure that the Minimum working Reserve is sufficient and the impact of any shortfall in the Changing Places Project is accounted for. <i>Actioned</i> • Further RBS training for the Town Clerk and Deputy Clerk to ensure that the software is being fully utilised. <i>Actioned</i> <p>Progress from the Audit Recommendations from the January exercise</p> <ul style="list-style-type: none"> • More detail is required for the presentation of the 2022/23 budget to not only state where the underspends have come from but to state the reasons for them. It should be reinforced that these are one off savings and cannot be relied on in the future. <i>Actioned</i> 	

	<ul style="list-style-type: none"> • A separate cost centre for the running costs should be set up for the 2022/23 budget. <i>Actioned</i> • Further detail is required for the calculation of the Reserves for 2022/23 for the year-end Internal Audit. <i>Actioned.</i> • Improved business case process to be implemented to ensure that the Council can effectively manage new projects in the future. <i>Being implemented.'</i> <p>(7th June 2022, p. 1-2)</p> <p>Internal Audit Report of Bingley Town Council, date of visit 7th January 2023:</p> <p>‘Risk Assessment documentation reviewed and found to be sufficient but the Auditor will suggest some improvements. The documentation was reviewed at Full Council in July 2022 and will next be reviewed in 2025.’ (7th January 2023, p. 4)</p>	<ul style="list-style-type: none"> • Business Case review still needs to be undertaken for future projects: this is underway. • Financial Risk Assessment Policy needs to be reviewed more regularly, and with greater information therein.
Independent	Independent Internal Auditor provides two internal audits per year.	

Has the guidance from the internal auditor been considered and incorporated into Bingley Town Council practice?

	Evidence of achievement	Areas for improvement
Internal auditor reports guidance	<p>Internal Audit Report of Bingley Town Council, date of visit 7th June 2022:</p> <p>There was only one recommendation:</p> <ul style="list-style-type: none"> • The continuance of RBS training for the Town Clerk and Deputy Clerk to ensure that the software is being fully utilised. <p>(7th June 2022, p. 4).</p> <p>Internal Audit Report of Bingley Town Council, date of visit 7th January 2023:</p>	<ul style="list-style-type: none"> • Town Clerk and Deputy Clerk continue to undertake RBS training.

Recommendations:

- The Financial Risk Assessment Policy is due for review in 2025. For a council the size of Bingley we feel 3 years is too long a period between reviews. Especially with regards banking as many banks are currently updating their authorisation protocols and methods.
- The Asset register be reviewed on a quarterly basis for additions and disposals. Then add to the agenda for Full Council. This will ensure an up to date version is available on a more regular basis and also allow you to update your insurance values should you need to.
- Review insurance values as on assets are slightly lower than insurance value - premium may reduce if updated.
- The Financial Risk Assessment Policy should be backed up with a review document each year listing each risk and a low/med/high chance of each risk occurring.

(7th January 2023, p. 8)

- Financial Risk Assessment Policy reviewed in March 2023, and will be reviewed on an annual basis going forward.
- Asset Register to be reviewed on a quarterly basis going forward.
- Insurance values on assets now checked against Asset Register.
- Financial Risk Assessment Policy will be reviewed on an annual basis going forward, with the accompanying up to date Risk Register.