

Internal Audit Report of Bingley Town Council

Date of visit 6th of November 2019

Introduction

As your Internal Auditor I was appointed to complete two internal audit visits per year. A mid-year visit and an end of year visit. This visit was the mid-year one. 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 recommendations for improvements for the future. Each visit has an agreed programme of examination, but this is not static, and changes will be made depending on the current challenges faced by the council.

Mid-year Visit

- Progress regarding previous Audit Recommendations
- Examination of the Council minutes since the last audit to determine activity and make comments
- Register of Interests and compliance with the Code of Conduct
- VAT
- Website
- Budgetary process
- Insurance
- Ruth's appraisal
- Ensuring robust financial controls remain in place
- Financial transaction testing since the last audit
- Salary SLA
- Challenges to the Council since the last audit
- Legislative changes since the last audit

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 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 as to what action has been taken.

The recommendations from the previous audit were;

- Continued use of Rialtas Business Systems (RBS) to close the financial year end. *I am pleased to note that this will continue. This will be on the November Agenda.*
- Clarification of the agreed reserve calculations for the next year end process. *Ruth and I discussed the detail of how reserves are noted in the accounts and agreed a better mutual understanding for the next year end.*

- To continue the good practice for business case methodology for projects and to continue to source specialist advice. *I am pleased to note that this good practice is continuing.*
- To purchase an SSL Certificate. *Now actioned.*
- Consideration of on-line banking. *This is to start on the 1st of April 2020.*

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 from this how I can best direct the audit.

There have been quite a few changes since my last visit. There has been a change of Chair as Cllr Dawson resigned and Cllr Owen has taken her place. There have also been changes as a result of the recent elections to the membership of the Council. I was pleased to note excellent practice for newly elected councillors as they are offered an induction course which all councillors attended.

From the minutes I also noted that the Town Council is to purchase Speed Indicator Devices and is determining the possible risks arising from the installation process. As noted in the October minutes it is good practice to liaise with Bradford Council Highways Department on this type of activity as they are best placed to offer guidance in this area.

There has not been the progress expected with the office/toilet project and Ruth updated me as to the issues including the change of project manager assigned to the project from Bowman Riley. The toilets project requires retendering and Bowman Riley state that this will incur extra costs.

In addition to this there has been an increase of 1% in the interest rate from the Public Works Loan Board which will add extra costs to the borrowings for this project. From our discussions I concluded that the Town Council is currently doing all it can to move forward with the planning of this project.

Ruth also updated me on the progress of the community asset transfer of Bingley Pool. It is anticipated that the Friends of Bingley Pool will sign a lease for the pool in the spring of 2020.

I also noted that the Town Council is considering the recruitment of a Responsible Financial Officer (RFO). I consider that Ruth is an effective RFO, and the Council uses effective financial software so rather than recruiting an RFO it would be better to recruit a Deputy Clerk instead? Many councils decide to separate the roles of Clerk and RFO but, in my experience, I have found that the employment of a deputy clerk with financial experience works better than splitting the roles. It may be beneficial to review the current staffing arrangements with the appointment of a

deputy clerk being one of the options to be considered. The recruitment of a deputy would in my view improve the current staffing structure and would support Ruth in her role as both Clerk and RFO.

I also noted that the Grants Scheme was recently updated. Ruth stated that owing to the requirements of the Climate and Emergency Working Group that it will require refreshing again. I noted in the minutes that reference is made to standing grants. In my view this is not good practice as it results in the loss of flexibility in the Town Councils ability to award grants effectively. All grant applicants should be consistently measured and should apply each year on an equitable basis. If organisations expect the same monies each year it can lead to problems should for whatever reason in the future the Council decide not to fund them.

Register of Interests and Compliance with the Code of Conduct

I examined this area and found it to be satisfactory. All serving councillors had completed a Disclosure of Interests form and all were on the website.

V.A.T

I examined this area and found it satisfactory, VAT is claimed quarterly and is up to date.

Website

As part of my preparatory work I look at the website prior to my visit. All the information I required was on the website and I found it to be user friendly. Ruth and I discussed the new accessibility standards for websites and from our discussion I concluded that the implementation of the new guidelines would not be a problem.

Budgetary process

The Town Council is currently looking at the budget for 2020/21 which is good practice at this time of the year. At this current time the Council has a projected year end carry forward of £171k.

Insurance

The Town Council uses Came and Co who obtain the three required quotes. The Council's insurance was renewed this year Minute Ref 1819/61 at a cost of £1,924.84.

Ruth's Appraisal

This had been carried out by Cllr Ros Dawson prior to her resignation as Chair of the Council and the Chair of the Staffing Cttee Cllr Geoff Winnard. Both employees receive a mid-year review and Laura's appraisal is scheduled for March 2020.

Salary SLA

The Salary SLA is with Bradford Community Payroll. I was pleased to note that a wages control account had been created which ensures the accuracy of the payroll data. Ruth and I discussed how this works. I was satisfied with her explanation of the effectiveness of the system of operation.

Ensuring that Robust Financial Controls remain in Place

I noted that the financial controls had been checked by two councillors in July and October 2019. In October the councillors had noted an error which I also noted in my transaction testing. It was a minor error, but it evidenced that the councillors are effectively carrying out the checks on the financial controls in operation.

I looked at the minutes for the Finance and General Purposes Committee and noted good practice in that councillors were given copies of the bank reconciliations and RBS financial reports.

Ruth and I discussed the need for increased information to be made available as the financial year progressed regarding budget underspends and reserve carry forwards. Currently the Council receives quarterly budget monitoring information and it was agreed that this should be carried out on a monthly basis in future.

Financial Transaction Testing Since the last Audit

As at the 31st of October there is £88,595.02 in the current account. I checked this amount from the cash book, banking reconciliation and the bank statement. I carried out financial transaction testing for the months of April, May, June and October finding only one error which had been noted and amended by the councillors checking the financial controls in operation. I found this area to be satisfactory.

Changes and Challenges facing the Town Council since my last visit

This area had already been covered in my discussions with Ruth.

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 except for the implementation of on-line banking which will be implemented on the 1st of April 2020.

The recommendations from this audit are;

- As noted above on-line banking to start on the 1st of April
- The revised Grant Awarding Policy not to include provision for Standing Grants as this implies that some applicants will have priority and will in the medium to long term affect the Council's flexibility in this area.
- Monthly rather than quarterly financial monitoring information to be given to Full Council.

- Consideration of a staffing review to determine the most effective staffing structure regarding the RFO role.

My next visit will take place in May 2020 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
19/11/2019