

## Internal Audit Report of Bingley Town Council

Date of visit 05/05/2017

### Introduction

This was my second internal audit visit to Bingley Town Council.

Bingley Town Council is a new council only having been formed in April 2016.

The purpose of internal audit is to review and report to the council on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

This visit concentrated on the closure of the financial year 2016/17 and the requirement of the completion of the internal report page of the Annual Return. My role in the administration of the year end is to evaluate the ten internal control objectives listed on the return and to sign off this page hopefully without qualification.

### Areas covered at the visit

#### Previous Recommendations

At the start of any audit my starting point are the recommendations from both previous internal and external audit reports. As this is the first year end of Bingley Town Council then there are no external audit recommendations. At my last visit I concluded that Ruth had made a flying start in the implementation of policies and procedure and the missing documents highlighted at my last visit such as the Model Publication Scheme has now been put in place.

#### Web site

The web site of Bingley Town Council is one of the best I have encountered It has a good visual impact and includes the necessary information for effective parish council administration.

#### Staffing

Since my last visit another member of staff Laura Jowett has been appointed. I examined her contract and found it to be satisfactory. At my last visit I recommended that a system for appraisals of staff should be set up. Ruth explained that this was in hand and that she has had two reviews which have been documented. Ruth has now passed her six month probationary period and as far as I am aware I don't think that this has been formally acknowledged. Ruth explained that the delay in confirming her probationary period is because of the delay in the arrangement of a meeting of the staffing committee. This will be an area of future audit examination.

#### Register of Interests.

Bingley Town Council has 16 councillors, at the last audit examination I examined the register of Interests of 15 councillors and found them to be satisfactory there was a vacancy at this time which has now been filled. I examined the interests form for the new councillor Andrew Fenton and found it to be satisfactory. All the forms of the councillors are on the web site.

### Financial Systems

This is an area that will be reviewed at each audit visit. Bingley has implemented good systems of financial control. Ruth had prepared for my visit and had printed off the spreadsheet which detailed all payments and receipts for 2016/17. I completed transaction testing for the last month of the financial year and found that all payments were accurate and properly recorded.

I had very little to add to this area to improve the current accounting systems except that it would be prudent to complete a reserve policy which should be revised each year to ensure that it. In my view there are not adequate funds for future election expenses in the reserves currently held. In 2016/17 Bingley spent £4k in election costs and a further £5.7k in this year (2017/18). This is becoming an increasingly expensive area of council expenditure so this will need to be increased. It adds value if an organisation reviews and documents the rationale for the size of its reserves on a regular basis.

Reserves can be held for three main purposes:

- A minimum working balance to help cushion the impact of uneven cash flows.
- A contingency to cushion the impact of unexpected events or emergencies
- A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements.

As part of the year end testing I ensured that the closing balance in the cash book balanced to the bank statement of the 31<sup>st</sup> of March 2017. This balance was £88,370.29 there were 12 unpaid cheques amounting to £5,135 which therefore equated to the cash book amount of £83,235.29. In year Bingley Town Council received income of £146,498.78 there was £63,263.49 of expenditure which equates to the yearend figure of £83,235.29.

### Asset Register

This is the first Asset Register for the Council and Ruth and I discussed the items to be included. For the purpose of the Annual Return the assets should be recorded at their actual purchase cost and not their true value which is a strange concept for many. Some council decide to hold two assets registers one for the purposes of the Annual Return and one for insurance purposes in any event Ruth has correctly recorded the items for the Annual Return.

### Annual Return

I found that all areas of Bingley Council were working well, it is a challenge to set up a new town council and in view the council has been successful in completing this by employing an experienced and competent clerk such as Ruth, I felt reassured by audit examination that I could sign off all aspects of the Annual return positively and without qualification.

### Going Forward

Once the year end process is completed Ruth and I agreed to complete the bi annual audit plan. This will be set to ensure that all aspects of the councils operation are covered in order to give reassurance to the council that all systems are robust and working well.

### Conclusion and Recommendations

I found good systems of control there are currently no areas of concern to highlight. My recommendations from this visit are that

- Bingley Town Council considers their reserves and set a policy for doing so.
- Six monthly probation period appraisals completed for Ruth.

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

Diane Brown Bingley Town Council Internal Auditor  
08/05/2017