

Bingley Town Council Internal Audit Report year end audit 2021-22

Introduction

My role as your internal auditor is to ensure that there are robust controls in place which confirms that the council is functioning effectively.

Internal auditing is an independent, objective assurance activity designed to improve an organisations operation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

For larger councils having at least one visit other than the year end one is good practice. I conduct two audits per year for Bingley Town Council, a year end visit and a mid-year one. Simply having one audit at the year-end it not sufficient owing to the pressures of the completion of the Annual Governance and Accountability Return (AGAR).

The areas to be examined at this visit are listed below. The programme is only a guide and can be changed to suit the emerging needs of the Council. The audit started with a discussion with the Parish Clerk and Responsible Financial Officer Eve Haskins and Deputy Clerk Nicola Mansfield- Smith.

In January of this year, I was asked to give an opinion on the financing of the Changing Places project. This was a supportive paper regarding the affordability gap of the project. The recommendations to be discussed for this audit was from the mid-year and the January exercise.

Year -End Visit

The areas agreed to be covered at the year-end audit are as follows,

- Progress regarding previous Audit recommendations.
- Examination of the council minutes since the last audit to determine activity and to make comments.
- Review of Financial Policies and Procedures.
- Review of the Asset Register.
- Ensuring robust controls remain in place.
- Financial transaction testing since the last audit.
- Completion of the Annual Governance and Accountability Return (AGAR)

The Audit

At the beginning of all audits there is a discussion concerning the implementation of the recommendations from the previous internal audit report and the January exercise. The notes from this discussion are in italics next to each recommendation.

Progress from the Audit recommendations from the mid-year audit

- Internal Control documentation which notes the testing completed by Councillors to be available for the next audit. *Actioned*

- 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. *Actioned*
- Further RBS training for Eve and Nicola to ensure that the software is being fully utilised. As I said in the body of the report, further training would be sensible now that Eve and Nicola are in post and using the software. *Actioned.*

Progress from the Audit Recommendations from the January exercise

- 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. *Actioned*
- A separate cost centre for the running costs should be set up for the 2022/23 budget. *Being implemented.*
- Further detail is required for the calculation of the Reserves for 2022/23 for the year-end Internal Audit. *Actioned.*
- Improved business case process to be implemented to ensure that the Council can effectively manage new projects in the future. *Being implemented.*

Examination of the council minutes since the last audit to determine activity and to make comments.

The Changing Places project continues to be challenging and is now underway. I noted in the minutes that the sub-contractor for this project is now Healthmatic Ltd. I know from other councils I audit that currently this firm is having staffing issues which hopefully will not be a problem in this case. Bradford Council has also passed on £20k in grant monies for the project which is great news and will greatly aid the delivery of this project.

All queries raised from the examination of the minutes were satisfactorily answered by Eve and Nicola.

Review of Financial Policies and Procedures

I noted good practice in that the Standing Orders, Financial Regulations and Risk Assessment policies had all been reviewed and adopted in the year being audited. I found this area to be satisfactory.

Review of the Asset Register.

The updated Asset Register has been discussed and approved by the Council. This year the Council purchased assets of £10,140 and this increased the total of assets held by the Council to £313,943.

Ensuring robust financial controls are in operation

Regulation 6 of the Accounts and Audit Regulations requires that all authorities review the effectiveness of their systems of internal control. Having an effective auditor is part of that control but this is just part of the process. Regular reviews that are properly documented need to be completed.

I noted that the last review for the financial controls for the year being audited was in February 2022. I also noted that the controls had been checked again in May 2022.

Financial transaction testing since the last audit.

This year end has been a smoother one than last year and Eve and Nicola have effectively worked together to close this year end. The only problem identified was the correct labelling of the year end reserves but this was a minor issue and something that will be addressed in the future. I had recommended that Eve and Nicola receive training for using the Rialtas Business Systems (RBS) software which both said had been beneficial. This training should continue as RBS continually improve their systems with software updates which officers need to be mindful of.

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.

Nicola provided me with the bank statements for the last quarter of the year. From the statements I chose a sample of invoices to scrutinise. Nicola provided me with scanned copies of the invoices which were for appropriate council expenditure.

At the year-end there was £153,334 in the CCLA account and £6553.51 in the current account. After allowing for the year-end adjustments the carry forward is £164,306.92.

Completion of the Annual Governance and Accountability Return (AGAR)

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.

Conclusion and Recommendations

Bingley Town Council continues to be a well-run Council and I did not find any significant issues. Eve and Nicola make a good team and I enjoyed working with them.

I only had one recommendation from this audit.

- The continuance of RBS training for Eve and Nicola to ensure that the software is being fully utilised.

This was my last audit for Bingley Town Council as I am retiring.

I would like to thank Eve and Nicola for their help during the audit and I wish the Town Council all the best in the future.

Diane Brown- Bingley Town Council Internal Auditor 07/06/2022