

## Bingley Town Council Internal Audit Report mid-year 2020/21

### Introduction

The last audit I completed for Bingley Town Council was undertaken remotely. It was hoped that this audit could have been completed with a physical visit but sadly it was not possible. The issues surrounding COVID-19 have not been resolved and it may be the case going forward that audits will continue to be carried out remotely.

It is my view that the purpose of internal auditing remains the same whether its remote or site based. Councils being audited need to evidence that they are functioning effectively and that robust controls are in place.

I carry out two audits per year for Bingley Town Council. A year-end visit and a mid-year one. A programme for each visit has been agreed with the Town Clerk and Responsible Financial Officer (RFO) Ruth Batterley. The areas to be examined at this visit are listed below. The programme is only a guide and can be changed to suit the needs of the Council

Having a mid-year audit is an opportunity to reflect on current processes and determine if any improvements can be made. I find that mid-year audits are less pressured because the deadline of the completion of the annual return is not there. Discussions can be centred around system improvements and can further strengthen, in my view, the relationship between auditor and auditee which benefits the organisation being audited.

### Mid- year visit

- Progress from the previous audit recommendations.
- Examination of the Council minutes since the last audit to determine activity which will include a discussion regarding challenges since the last audit.
- Register of interests and compliance with the Code of Conduct.
- VAT
- Ensuring robust financial controls are in operation
- Budgetary process
- Insurance
- Website
- Financial transaction testing since the last audit
- Salaries SLA and staff appraisals

### The Audit

At the beginning of the audit I had a Zoom session with Ruth. We discussed the challenges currently being faced by the Council and how best I can focus my work to ensure the audit is as helpful as possible. Unusually at the last audit there were no recommendations.

In my 40 years of being an auditor I have never completed a report without including recommendations. Although the Town Council has its challenges to overcome it is fortunate in having a clerk who can carefully consider the requirements of her

responsibilities. This is an excellent skill for a Clerk to have and helps to ensure that the Council achieves its targets in a measured and achievable fashion. In my experience councils can in pleasing its community take on too many projects at once which can hinder effective service delivery.

### Council Minutes

I examined the Council minutes on the website for the first half of the financial year. The council meetings are being carried remotely which is ensuring that in these strange times council business is continuing. Since the last audit, the Council has new council offices and what was once the public toilets is now the offices. I look forward to being able to visit the council once this current situation is over. I noted in the minutes that extra funds were required for the office move, the extra expenditure will be managed within current budgets.

I had expressed concern in a previous audit that the Council could be taking on too many projects at once but in discussion with Ruth I was assured that currently all projects were in keeping with the Council's priorities. I noted that Cllr Dawson had written a paper on the Project delivery from 2020-2023 and Ruth provided me with a copy. I found this to be a useful document and an example of good practice where each outstanding project is listed, and the progress made on each individually. As Cllr Dawson rightly says all projects have differing requirements and need to be managed to ensure they are successful. It is also good practice to ensure that all new projects have a project lead and are scoped as much as possible. Hindsight would be welcome before a project starts but unfortunately that is not possible so careful deliberation is all that can be managed in the early stages.

I noted that there was frequent mention in the minutes of the Changing Places facility and looking at Cllr Dawson's priority list this appears to be a small project costing £12k. I discussed this with Ruth and concluded that some projects can have unique qualities which take more careful management. This project will require additional resources perhaps including extra funding. If this proves to be the case the Council will need to discuss and approve them to ensure that the project outputs remain in line with the Council's priorities.

### Register of interests and compliance with the Code of Conduct

Bingley Town Council South has 16 councillors, there are currently 15 in post with 1 vacancy. There is to be an extraordinary meeting to be held on the 17<sup>th</sup> of November to discuss this with 5 expression of interests being received. All current councillors have completed a disclosure of pecuniary interests form and they are available for inspection on the council website. All councillors have been given a copy of the code of conduct and are therefore aware of the expectations of public office. It is a councillor's duty to state any interests they may have at each meeting.

The Yorkshire Local Councils Association has concerns that generally there is a lack of robust controls in this area and has publicised to all its councils the further consultation by the Committee for Standards in Public Life. All councils are being asked to formally respond to this consultation. It is felt that the results of this

consultation will affect the public sector and will bring in additional controls that will be added to the internal audit checklist.

### VAT

This area was satisfactory with a VAT return completed totalling £6,720.98 received in August 2020.

### Ensuring robust 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 have noted good practice at Bingley and there are two councillors that are assigned the role of checking payments and procedures to ensure that they are correct. I noted that the process itself was recently reviewed with additional checks added.

The last internal control check was completed in June 2020. Ideally there should be a check in September/ October of each year to coincide with the audit. This will be a recommendation going forward.

I noted that the Council has yet to receive its completed Annual Return from the external auditor. This is owing to a minor amendment regarding VAT from a previous year. Ruth and I discussed this, and she sent me the email correspondence from PKFLittlejohn which confirmed this and that the return would be shortly sent without exceptions.

### Financial transaction testing

Ruth provided me with the bank statements from April to September, and the banking reconciliations in that period that had been reconciled from the cash book to the statements.

From the statements I chose a sample of invoices to scrutinise. Ruth provided me with scanned copies of the invoices, and I found them to be for appropriate council expenditure.

### Budgetary process

In discussion with Ruth and the examination of the budgetary working papers, I concluded that there were good systems of control in place. Regular monitoring information is produced which is accurate and timely. I noted the budget monitoring report which went to full council in October which explained any significant variances. I found this area to be satisfactory.

### Insurance

The council uses Came and Co a specialist Local Government broker for its insurance procurement. The policy was renewed in May 2020 at a cost of £2,156.37.

## Website

As part of my preparatory work I look at the website. I look at the minutes for example to determine the action taken by the Council since the last audit. The website is easy to access and is user friendly for my purposes.

## Salaries Service Level Agreement (SLA) and Staff Appraisals

The Council has an SLA with Bradford Community Payroll which Ruth states is working well. I noted in the minutes that the Council is to embark upon a staffing review and have appointed the Society of Local Council Clerks to carry out the review which is an excellent idea. All organisations should review their staffing structures to ensure its continually fit for purpose especially in a forward thinking council such as Bingley when they wish to push ahead with their priorities which at the same time adds to the work load of staff.

I noted that the admin officer had reduced her hours and because this was not owing to a reduction of the work needed but as the request of the officer that the extra hours are being advertised in a temporary post. New staff will of course require training and in the short term this will add to the tasks to be completed by Ruth. The staffing review is being carried out at an ideal time and I know from the auditing of other councils that it will be of benefit to service delivery.

The admin officer's appraisal was completed in March 2020 and Ruth's is scheduled for November.

## Conclusion and Recommendations

Ruth is an effective Clerk who takes her role and responsibilities seriously. I did not find any significant findings in my audit and I have only one recommendation.

- The internal controls document should always be completed in readiness for the audit visit so that I am reassured that the Council is taking all steps to ensure its systems and procedure are working well.

I would like to thank Ruth for her help during the audit and I wish the Town Council all the best in the coming year. My next visit will be timed for the year end 2020/21.

Diane Brown- Bingley Town Council Internal Auditor 09/11/2020