

Bingley Town Council Internal Audit Report for the year ending March 31st, 2020

Introduction

Owing to the lockdown caused by the COVID-19 Pandemic, the year end internal audit for 2019/20 was completed remotely. Prior to completing remote internal audits for the Councils, I audit I contacted PKF Littlejohn the external auditors appointed by the Government on the 24th of March outlining my approach regarding remote audits and received this in response.

Dear Ms Brown

Thank you for your email. Your proposed approach appears reasonable. If you are unable to carry out all of the work you usually do, we would recommend including details of any work you have not been able to perform as a result of the remote working conditions, in you report to the council. If you find it necessary to respond 'No' to any of the objectives listed on the AIAR section of the AGAR, please ensure information is provided in explanation. This is in line with usual practice.

Kind regards

SBA Team

For and on behalf of PKF Littlejohn LLP

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In addition, the advice from the Yorkshire Local Council's Association (YLCA), was to go ahead as normal with internal audits. There was no guidance as to how this was to be managed, auditors had to decide how this would be completed.

As a Local Government trained Internal Auditor with over 40 years of experience, I am in the position of having a good overview of the method of obtaining assurance. Another area of assurance was that the Town Council appointed me to complete bi-annual auditing and my last visit was in November 2019. In addition, I have been the Town Council's Internal Auditor for some year's, so I have a detailed knowledge of the financial systems in operation.

The scope of the audit was based on the audit programme already agreed with Bingley Town Council.

Year End Visit

- Progress regarding previous Audit Recommendations
- Examination of the Council minutes since the last audit to determine activity and make comments
- Financial Policies and Procedures
- Other operational policies
- Asset Register
- Ensuring robust financial controls remain in place
- Financial transaction testing since the last audit visit

- Annual Return
- Challenges to the Council since the last audit and if applicable legislative changes

As usual the output from this audit which is my report should go to full council and be discussed.

The Audit

In line with my normal practise the audit began with a discussion about the recommendations of the last audit. The notes in italic at the side of my recommendation are the notes from Ruth regarding each issue.

- On-line banking to start on the 1st of April. *The council had done all the preparatory work for online banking and it was brought in slightly earlier than 1st April because of the Lockdown. Online banking was first used for March 2020 payments*
- 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. *The Grant Awarding policy has been amended to remove Standing Grants*
- Monthly rather than quarterly financial monitoring information to be given to Full Council. *Monthly financial monitoring has been implemented. However, because of the timing of the Rialtas visit (18/05) which is when the finance system is rolled over into the new financial year, it has not been possible to provide monthly reports for April and May. Monthly reports will be resumed from June.*
- Consideration of a staffing review to determine the most effective staffing structure regarding the RFO role. *A staffing review has been undertaken. Progress is now being made with drawing up recruitment information for a part time Admin Assistant. The idea is that the bookkeeping part of the RFO role will be removed from my job description and given to Laura, the Admin Officer. She in turn will have some of the items in her role removed and they will become the responsibility of the new admin assistant post. There's provision in the budget for this new post, but the full council needs to approve the appointment. The Staffing committee decided at its meeting last week that taking the appointment to the full council will wait until post Lockdown. Note from Diane, Ruth will remain as RFO and will retain the responsibility of Section 151 Officer, as defined by the Local Government Act 1972.*

Council Minutes

At my last visit I examined council minutes up to October 2019 and in this audit, I examined them from November 2019 to March 2020. After reading the minutes I asked for an update regarding the new offices project. Ruth informed me that a Building Projects Group had been appointed as part of a competitive tendering process for the sum of £165,242. Work started on 18th May. The contractor is working within Covid-19 guidelines and it is anticipated that the work will be finished by the start of September 2020. I noted in the minutes that both the Reserves Policy and the Investment Strategy had been refreshed. I asked for copies of these which

Ruth provided. I found that the Minutes were satisfactory and an effective record of council activity since my last visit.

Financial Policies and Procedures and Other Operational Policies

From the website I noted that the Financial Regulations and Standing Orders were both up to date, the latest version of the Council's Standing Orders included an addendum for remote meetings.

I also examined the Reserves Policy and the Investment Strategy Policies. I found excellent practice in both with a comment that the Reserve Policy although noting the reason and amount for the earmarked reserves did not extend this good practice to the calculation for the general reserve. I queried this with Ruth who explained that the total reserve is currently £113,157 and comprises of both earmarked and general reserves, she supplied me with the basis of the calculation which includes an amount of £16,536 for the Community Infrastructure Levy. I found this area to be satisfactory.

Asset Register

I examined the Asset Register and found it fit for purpose. Items purchased in the year being audited had been added to it. I did have some queries relating to the Asset Register which Ruth and I discussed. We agreed that my queries did not have a material effect on the Register, and I found this area to be satisfactory. The recorded current book value of all tangible fixed assets as recorded in the Asset Register is £50,929.

Financial Year end to include financial testing

I examined the bank reconciliations since my last visit with the bank statements and found them to be accurate. From looking at the last three bank statements I chose 7 invoices for further scrutiny. Ruth scanned me the invoices and I found them all to be for appropriate council expenditure. The audit was planned to take place after Rialtas Business Solutions (RBS) had completed their year end visit. Having reliable financial software and the external supplier closing the year end accounts gives further assurance that Bingley Town Council has a robust system for the financial year closure. From the examination of the RBS reports and bank statements I was able to confirm the year end carry forward of £206,728.

I was pleased to note that since my last visit that on-line banking has started. It started earlier than planned because of the Covid-19 crisis but it appears to be going well. I noted excellent practice in the implementation of a thorough risk assessment prior to implementation of the proper practices required when transferring the payments from cheques to on-line payments. I think that the Council investigated every risk and put in place mitigating factors for identified risks.

Ensuring Robust Controls remain in place

There are good controls in place at Bingley Town Council, I had recommended at my last audit that the Council should receive monthly financial management rather than

quarterly. This has now been actioned not as timely as hoped but this is owing to the Covid-19 situation and cannot be helped.

Annual return

I found all areas of the council's finances satisfactory and was able to sign off my page of the AGAR positively.

Challenges through the year

2020 will be recorded as a strange year and Bingley Town Council appear to have coped well in the current crisis and have been able to carry on with business as usual with meetings being held remotely.

Another challenge has been the implementation of legislation for public sector websites having to meet minimum accessibility standards. The legislation that the Council needs to comply with is contained in The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018. I noted from the website that the Council already has this in hand.

A further challenge is the borrowing of funds from the Public Works Loan Board which Ruth is currently completing the paperwork for. I shall examine this at my next visit.

Conclusion

Although the audit was carried out remotely, I consider that it was an effective one and I can give assurance that the current working practices are robust. My next audit will be in September which hopefully will not be completed remotely.

I should like to thank Ruth for her help during the audit and to wish Bingley Town Council all the best in the coming year.

Diane Brown- Bingley Town Council Internal Auditor 05/06/2020