

Morecambe Town Council

Internal Audit Report 2019/20

Action Plan

No	Recommendation	Responsibility	Timescale
1	The previous year's annual return figures must agree with the current year's opening balances in the cash book; therefore, we recommend that the opening balances from 01 April 2019 are entered into the cashbook correctly to ensure it is up to date and records the Councils opening cash balances [We understand at the time of our visit, the Clerk had corrected the opening balances with Scribe support. We will verify this when we review the year end accounting statements].	Town Clerk / RFO	Implemented
2	Where the Council is operating with two separate bank accounts, a separate bank reconciliation should be performed and carried out for each account.	Town Clerk / RFO	Implemented
3	That the Finance and Governance committee appoints a member, other than a cheque signatory to verify the bank reconciliation statements for all accounts (produced by the RFO), to be verified in the presence of committee members and formally Minuted.	Town Clerk / Chair of Finance & Governance	30 June 2020
4	That the bank reconciliation statements should eliminate all entries for the next month with the exception of month 12 of the financial year, which should include all entries as at 31 March.	Town Clerk / RFO	Implemented
5	That the Standing Orders and Financial Regulations are reviewed to ensure that they are up to date in accordance with the latest National Association of Local Council [NALC] model documents and tailored to the Council as required.	Finance & Governance Committee / Council	30 September 2020
6	That an accounts audit stamp is used for all invoices to record details of the Certifying Officer, Authorisation Reference, PO Number, Cost Centre/Code, Date Paid, Cheque Number.	Town Clerk / RFO	30 June 2020
7	That the Council sets up a purchase order system and implements this into their financial practices as required in accordance with the Financial Regulations.	Finance & Governance Committee	30 September 2020

8	That all invoices indicate the authorisation minute reference or Financial Regulation reference that authorises the payment. That all invoices are accompanied by a purchase order [where applicable] or reference to a purchase order number, contract or Financial Regulation reference where payment is made on account or via a direct debit arrangement.	Town Clerk / RFO	30 September 2020
9	That improvements are made to the payments schedule presented to Council [or Committees] to include an authorisation reference column that confirms the authorisation of each individual payment and the power the Council is relying on to incur the expenditure [this will determine whether the payments are lawful and represent best value for money in accordance with FR 10.4]	Town Clerk/Finance & Governance Committee	30 September 2020
10	Where online banking transactions are made, a receipt of the online payment should be attached to the invoice as verification that the correct payment is made [for audit purposes].	Town Clerk / RFO	Implemented
11	That a specific grant form is introduced by the Council which includes adequate terms and conditions for applicants and the maximum sum of money to be applied for with any supporting documentation as determined by the authority.	Town Clerk / RFO	Implemented
12	That the Council follows the Financial Regulations procurement process and obtains the necessary quotes for all future contracts exceeding £1,000 unless there is an exemption that has been applied in accordance with Financial Regulation 10.	Town Clerk / RFO	Implemented
13	That a Scheme of Delegation is introduced for Committees and Officers incorporating each individual committees' terms of reference.	Finance & Governance Committee / Council	30 September 2020
14	Where the Council introduces a charge card; we recommend that the operation of the charge card follows any requirements to be introduced into the Financial Regulations and that appropriate procedures are in place to manage their use. Procedures should include the limit of the cards, designated card holders and a process in place for cancellation in the event the card holder leaves.	Finance & Governance Committee / Council	31 st December 2020
15	That a Risk Management Policy is introduced and adopted by the Council. The policy should outline processes involved in regards to risk assessments and the Councils internal controls procedure and responsibility for implementing the policy.	Finance & Governance Committee / Council	31 st December 2020

16	That the Council carries out an annual review of the risk assessment before the 31 March 2020 to include all key risks facing the Council and controls in place to reduce the level of risk.	Finance & Governance Committee / Council	31 st July 2020
17	That the Councils insurers are provided with a copy of the updated asset register and that the assets with the latest replacement values are insured [see section 5.57]	Finance & Governance Committee	31 st March 2020
18	That the Council introduces policies relevant to the authority to comply with the General Data Protection Regulations. The Society of the Local Council Clerks (SLCC) have a GDPR Checklist and model policies that the Council should consider adopting as required. Alternatively, the Council may wish to contact their local County Association for support.	Finance & Governance Committee / Council	31 st July 2020
19	That the Council follows each stage of the budget process as referenced within the Governance and Accountability guide when it considers the budget setting for 2021/22. Each expenditure budget should be supported by accurate information and on realistic spending assumptions. Where the Council introduces new budgets or expenditure then it should be supported by a robust business case.	Finance & Governance Committee / Council	28 th Feb 2021
20	That the Council considers adopting a General Reserve policy, with the level appropriate to their size and situation and plan their budget so as to ensure that the adopted level is maintained. The recommended general reserve is between 3-6 months of net revenue expenditure.	Finance & Governance Committee / Council	31 st December 2020
21	That the Council (or each standing committee with a delegated budget) is provided with a budget monitoring statement on a quarterly basis.	Town Clerk / RFO	30 th June 2020
22	That all income is supported by underlying audit records such as receipts and vouchers and that the hard copies are filed with the accounts.	Town Clerk / RFO	Implemented
23	That all income records correspond to the accounts receipt number reference, which identifies the paying in book receipt number as the reference or transaction type ie bank transfer.	Town Clerk / RFO	Implemented
24	That the Financial Regulations include arrangements for recovering overpayments made to third parties and follow up arrangements for reporting it to committee or Council.	Finance & Governance / Council	30 th September 2020
25	That all staff contracts are reviewed to ensure they are up to date and are approved by the Council and signed by the postholder. The Council should have regards to the NALC model contract of employment.	Resources Committee / Council	30 th September 2020

26	Where staff are employed on a fixed 'spot salary' consideration should be given to reviewing the salary on an annual basis to account for any cost of living rises from the 01 April each year. Alternatively, the Council may wish to transfer staff to a salary scale having regards to the NALC model contract of employment and the 'National Agreement on Salaries and Conditions of Service of Local Council Clerks in England and Wales 2004'.	Resources Committee / Council	30 th September 2020
27	That the Council considers a pension scheme for eligible jobholders in accordance with the Pensions Act 2008. The Council should have regards to the staff contract clauses that stipulate any pension provisions as this will assist the Council in determining what type of scheme is to be considered.	Resources Committee / Council	30 th September 2020
28	That the Asset Register is updated to include all fixed assets purchased by the Council from the 01 April 2019 to 31 March 2020.	Finance & Governance / Council	31 st March 2021
29	That improvements are made to the Asset Register to include a reference number for each individual item, the purchase cost, the replacement/insurance valuation, custodian/responsible officer and details of disposal (if applicable).	Finance & Governance Committee / Council	31 st March 2021
30	That the Council arranges an annual inspection of the asset register items to ensure that all items listed can be physical verified and subsequently reported to the Finance Committee or Council.	Finance & Governance Committee / Council	31 st March 2021
31	That the Council introduces an Asset Register Policy which outlines the procedure for updating and maintaining the register, and to include a particular method of asset valuation to be applied consistently from year to year in accordance with the recommended practices set out in the Governance and Accountability for smaller authorities. The method of asset valuation adopted should be set out within the policy approved by the Council and recorded in the minutes and in the asset register.	Finance & Governance Committee / Council	31 st March 202
32	That the Council considers improvements to the Council website in preparation and in compliance with the Local Government Data Transparency Code.	Finance & Governance Committee / Council	31 st March 2021
33	That the Councils Financial Regulations include provisions for jointly funded projects: Where the Council is considering a contribution to a jointly funded project, then it must be subjected to a robust business case. Payments should only be made to jointly funded projects that fall outside of the grant criteria but within a committee's terms of reference.	Finance & Governance Committee / Council	31 st December 2020

34	The Council should consider introducing an Officers Declarations of Interests Form to be completed by its employees and retained on file. As a matter of good practice, all Council agendas should include a dedicated agenda item for Officers to declare any interests in accordance with the Local Government Act Section 117.	Finance & Governance Committee / Council	30 th September 2020
35	That all VAT reclaim entries from 01 April to 31 March only in compliance with section 33 of the VAT Act 1994	Town Clerk / RFO	31 st March 2021
36	That all VAT reclaim entries are supported by a VAT registration number and supported by VAT invoices in compliance with HMRC VAT rules	Town Clerk / RFO	30 June 2020
37	That the Council considers outsourcing the payroll to an independent payroll provider	Council	30 September 2020
38	That the Clerk/RFO completes timesheets on a weekly basis that are signed off by the Chair of the Council or nominated member of the Staffing Committee. Overtime should be sanctioned in advance and recorded on the timesheets accordingly and submitted to the payroll provider for processing	Town Clerk / Chair	30 June 2020
39	That the Asset Register is updated to include two purchases from 27 January 2020 and 27 February 2020 at purchase value prior to submission to external audit and that box 9 figure in the AGAR is amended accordingly	Town Clerk / RFO	Implemented
40	That the accounting statements in the AGAR are supported by working papers showing the detail of the accounts (Practitioners Guide 'Reporting on an income and expenditure basis' refers	Town Clerk / RFO	Implemented
41	That Boxes 7 and 8 of the accounting statements are reviewed prior to submission to the external auditors to ensure that an explanation has been provided between the difference of figures and supported by the working papers.	Town Clerk / RFO	Implemented
42	That the Council considers a review of the accounting software to assess if it is effective to manage the Councils accounts and supports the preparation of year-end financial reporting including double entry and book-keeping and reversing journals. We would suggest enquiries are made with RBS Software who are the sector led specialists that provide an Omega Accounts accountancy package for medium to large Town and Parish Councils	Council	30 September 2020