

Internal Audit Plan

2017/2018

Patchway Town Council

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"To deliver dynamic excellent services to our customers which provide assurance that the Council's resources and risks are properly managed."

Background Information

Audit Staff Completing the Review:

Maria Bowes Senior Auditor

Officers Contributing to the Review:

We are grateful to the following officers for their help during this review:

Lucy Hamid	Town Clerk
Sandra Smith	Administrator / Finance Assistant
Diana Ibrahim	Temporary Office Staff
Martin Wiltshire	Accountant

Planned and Actual Time:

We planned to complete the review in 5 days. The work actually took 7 days (this has been agreed with the Clerk) due to the significance of the matters arising.

Supporting Information:

The supporting information we referred to when completing the review included:

The Council's Standing Orders & Financial Regulations
Minutes of Council Meetings and Committees
Agreed 2017/18 Budget
Payroll and Accounting Records
Bank Account Records – cheque books, paying in books and bank statements
Invoices – both purchases and sales
Asset Register, Risk Assessment and Insurance Documentation

Our Report has been distributed to:

Lucy Hamid	Town Clerk
Ken Dando	Patchway Town Councillor
Eve Orpen	Chair of Patchway Town Council

1 Introduction

- 1.1 A review of the financial procedures in operation at Patchway Town Council for financial year 2017/18 has been completed by South Gloucestershire Council Internal Audit Services in accordance with the request from Members of the Town Council.
- 1.2 It is understood that, Members of the Town Council had expressed concerns over the accuracy of the financial statements when they were presented at a recent Council meeting. The financial statements for 2017/18 had already been subject to audit by the Town Council's incumbent internal auditor, however there was a level of error in the statements which could not be addressed to the satisfaction of all the Council.
- 1.3 It was resolved by the Members of the Town Council that an independent review be conducted of the financial statements to provide an additional level of assurance to Members of the Council. Patchway Town Council requested that South Gloucestershire Council Internal Audit Services conduct this review of the financial statements. South Gloucestershire Council Internal Audit Services agreed to conduct this work on the understanding that a full internal audit programme be undertaken to test internal controls in compliance with the requirements of the Annual Return (Governance Statement) that all Parish and Town Councils are required to complete to accompany their financial statements. A year-end review would also be undertaken to verify the accuracy of balances being presented in the financial statements.
- 1.4 For the financial year 2017/18, the Parish Council precept was £555,373, paid in two instalments. The Council also received £24,527 in Local Council Tax support funding.

2 Audit Approach

- 2.1 In accordance with best practice, a risk based approach has been adopted for this review which involves the structured evaluation of the internal controls operating, in line with the specified criteria on the Annual Return for Town and Parish Councils – where a judgement is required on each area.

3 Opinion & Conclusions

- 3.1 South Gloucestershire Council's Internal Audit Services are required to provide an annual assurance statement for each Town and Parish Council they audit, the outcome of which is recorded on the Annual Return which accompanies the financial statements. This audit report contributes to that statement; by forming an opinion on the systems operated. We adopt four levels of opinion for Parish and Town Councils and these are described in Appendix 1 of this report.
- 3.2 In evaluating the Town Council's procedures, we sought to assess them against the requirements of the categories on the Annual Return. Our assessment of the extent to which these objectives are being met, which are provided in the Control Environment table at section 5, helps inform our overall opinion.
- 3.3 Our opinion is that **Significant Improvements are Required** to the arrangements examined during the audit. This means that some of the existing procedures are weak and reasonable assurance could not be provided over a number of areas. Prompt action is necessary to improve the situation and avoid unnecessary further risks. Extensive recommendations have been made.
- 3.4 We identified the following key strengths:
- There are minutes publicly available on the Town Council's website for all Council and sub-committee meetings. Minutes show that the meetings are quorate, approved and signed at the next meeting. The minutes follow a standard layout, which includes a declaration of pecuniary interests at each meeting, matters arising from the previous meeting, reports from each of the Committees and from local organisations, including Southern Brooks Community Partnership;
 - The annual budget was approved timely at Full Council and the precept set in accordance with the operating budget, known and anticipated income due, and the level of reserves;
 - The Finance Committee receive monthly reports on the updated position of the budget.
- 3.5 However, we identified a number of significant issues requiring management action to address the issues found:
- It is understood that the accounts had been signed off by the Chair of the Council while still incorrect and initially published on the Town Council's website. There were a number of discrepancies on the accounts to the extent that the full Council had not achieved a collective decision, despite the accounts having been presented at two meetings: Finance Committee and

Council, and therefore had been unable to sign off the financial statements. The version signed by the Chair was removed from the website prior to this audit;

- ❑ For 2017/18 the Council's initially appointed an Internal Auditor, who is also commissioned by the Council to be their Accountant, prepared the year end accounts and updated the Council's cash book and other financial records after the Deputy Clerk left the employ of the Town Council. This is contrary to Audit and Accounts Regulations and professional standards. Also results of previous internal audits have not been reported in the minutes;
- ❑ There is a query around the July pension payment to Bath and North East Somerset Council. The cashbook gives two amounts for July for the same cheque no. However, the Iris software has only one of these amounts and the cheque book stubs show only the other amount;
- ❑ Timesheets for non-salaried workers available during this audit were sparse and were only available for certain months;
- ❑ Authorisation controls around the electronic payment of salaries are insufficient, there is no independent authorisation needed currently for BACS payment of salaries leaving administrative staff vulnerable to criticism;
- ❑ Bank reconciliations have not been performed throughout the year. Members of the Council have been provided with monthly lists of amounts in each account and this has been recorded in the minutes. However, this gives no assurance that the financial records were fully reconciled with the amounts held in the bank;
- ❑ The Town Council uses Excel spreadsheets for its accounting system. Without a proper electronic accounting system important financial reports for Councillors such as: budgeted against actuals, income and expenditure and the balance sheet are far more reliant on manual input and are therefore far more susceptible to human error. Errors were identified in the cash book such as date errors and VAT had not been stated in the cash book for the Christmas lights, and this was for a significant amount; in excess of £800;
- ❑ VAT amounting to £17,744 has not been reclaimed for 2016/17. This represents a loss of legitimate funding for the Town Council as they are entitled to reclaim this.

3.6 At the time of this internal audit review, allegations were made to South Gloucestershire Council Internal Audit Services by Members of the Town Council that the Town Council's Grounds Staff were undertaking work for other organisations and private gardening while on Town Council time. These allegations were made at the end of the audit visit and do not directly impact the ability of the Town Council to agree their financial statements. However, it is

recommended that these matters are referred without delay for more formal investigation.

- 3.7 All of the matters arising from the audit are detailed in the next section together with suitable recommendations.

4 Way forward

- 4.1 South Gloucestershire Council Internal Audit Services have worked with the Town Clerk to resolve some of queries arising during the audit. Going forwards the Town Council Members are recommended to:
- Refer any further matters of alleged improper conduct to South Gloucestershire Council's Standards Committee for consideration and potential investigation;
 - Request a full report from the Town Clerk responding to the control issues raised in this internal audit report and how she intends (with the Members of the Town Council's support) to rectify issues arising;
 - Approve the financial statements (subject to the corrections being made to the statements). The year-end verification by South Gloucestershire Internal Audit Services should now place members of the Town Council in a position of assurance to do this;
 - Consider the benefit of a follow up independent internal audit visit in early 2019 to obtain assurance that current year issues have been rectified.
- 4.2 A detailed action plan that follows was agreed with Patchway Town Councillor Ken Dando and the Town Clerk at the end of the audit visit on 10th August 2018, and a subsequent close out meeting with Patchway Town Councillors Ken Dando and Roger Loverage on 22nd August 2018.
- 4.3 The matters arising have been assessed taking account of the likelihood of occurrence and the degree of impact. The resulting recommendations have been prioritised according to whether implementation is of a High, Medium or Low priority.

5 The Control Environment

Key Control Objectives:		Achieved?
1 (A)	Appropriate accounting records have been kept properly throughout the year.	No
2 (B)	The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	Yes (now pursuant to this audit)
3 (C)	The council assessed the significant risks to achieving objectives and reviewed the adequacy of arrangements to manage these.	No
4 (D)	The annual precept requirement resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.	Yes
5 (E)	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Yes
6 (F)	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Tested for Expenses – Partially
7 (G)	Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	No
8 (H)	Asset and investment registers were complete and accurate and properly maintained.	Partially
9 (I)	Periodic and year-end bank account reconciliations are properly carried out.	No

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10 (J)	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	Partially
11 (K)	Trust Funds (including charitable). The council met its responsibilities as a trustee.	N/A. No Trust Funds / No Sole Trusteeships.

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.	High Priority Recommendations			
1.1	<p>It is understood that the accounts had been signed off by the Chair of the Council while still incorrect and initially published on the Town Council's website. There were a large number of discrepancies on the accounts to the extent that the full Council had not achieved a collective decision, to date, to sign off the financial statements. The versions signed by the Chair were removed from the website prior to this audit.</p>	<p>Illegals of signing off and publishing incorrect accounts.</p> <p>Subsequent delays in corrected, accurate accounts being signed off and potential fines for late submission of accounts.</p>	<p>All Councillors should have been fully satisfied that the accounts were correct before signing them off and this should have been a fully unanimous decision.</p> <p>Other Councillors have now reported this matter to the Standards Board.</p> <p>(This links to recommendation 1.3 below as the accounts had also not been legally audited prior to publication.)</p> <p>Management Comment:</p> <p>The Accountant has now responded to the queries and provided satisfactory answers. The Accountant had subsequently made some amendments to the accounts and added some explanatory notes regarding what certain amounts / totals are comprised of.</p>	<p>Clerk to arrange and Councillors to approve.</p> <p>As soon as possible at a meeting of the Town Council, following this internal audit, and corrections made.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.2	Allegations have been made to South Gloucestershire Council Internal Audit Services by Members of the Town Council that that the Town Council's Grounds Staff were undertaking work for other organisations and private gardening while on Town Council time. Timesheets made available during this audit were sparse and were only available for certain months.	Potential fraud / misappropriation of undertaking other paid works while being paid on Council time.	A full investigation needs to be held to ascertain the veracity of this complaint with all parties interviewed. The Councillors may wish to seek specialist HR and legal advice to assist them in this process. This has also been reported to the Standards Board.	Councillors As soon as possible.

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.3	<p>For Financial Year 2017/18 the Town Council's Accountant prepared their accounts – updated their cashbook and drew up their year-end accounts, and was also appointed as their Internal Auditor.</p> <p>Also there was no reference to the 2016/17 internal audit in the meeting minutes. There was no evidence of any previous report or recommendations.</p>	<p>Non-compliance with the Chartered Institute of Internal Auditors' Code of Ethics which states Internal Auditors must be "independent" and "objective".</p> <p>Non-compliance with FRC, ES1, and para 6: "Auditors shall conduct the audit of the financial statements of an entity with integrity, objectivity and independence."</p> <p>Internal Auditors should not undertake any operational work for the client for which he or she will then be required to audit.</p>	<p>If the Accountant is to continue to prepare the year end accounts and undertake operational work for the Council, he must not also undertake their internal audit.</p> <p>Also, the results / conclusion of each internal audit should be presented to Councillors and this be recorded in the minutes. This is required as part of the annual assurance process for the Annual Governance Statement.</p>	<p>Clerk to arrange and Councillors to approve.</p> <p>Next Internal Audit report and from now on.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.4	<p>There is a query around the July pension payment to Bath and North East Somerset Council. The cashbook gives two amounts for July for the same cheque no. However, the Iris software has only one of these amounts and the cheque book stubs show only the other amount.</p> <p>The actual payments made were more difficult to trace as some of the bank statements were missing.</p>	Staff pensions may be put at risk.	<p>The Clerk needs to resolve the discrepancy with the Avon Pension Fund as soon as possible.</p> <p>It is understood that BANES are also aware of the discrepancy and are in communication with the Town Council.</p> <p>Management Comment:</p> <p>The Accountant is confident this has now been resolved. The previous Deputy Clerk had not updated the annual rates in the Payroll software for employers' contribution. It is understood that this has now been corrected.</p> <p>The missing bank statements have also been reported below. Once these were downloaded the payments actually made were clear. Nevertheless the discrepancy between what was due and what was actually paid remained at the time of audit.</p>	<p>Clerk</p> <p>As soon as possible.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.5	<p>Authorisation controls around the electronic payment of salaries are insufficient.</p> <p>At present Member authorisation is not required for BACS transfer of salary payments.</p> <p>Given salaries are a substantial proportion of the monthly budget it is the area of payments there is least control over.</p>	<p>Potential for payments to be amended either deliberately or in error.</p>	<p>As salaries are such a significant amount of the budget in total it is recommended that an additional control is put in place which requires either Member online authorisation before the BACs payments can be made, and / or Member review of the Iris software and payslips, and manual authorisation on hardcopy records, before the BACs payments are run.</p> <p>Ideally, both forms of authorisation could be used, given this is an area which should have the tightest control and it presently does not.</p> <p>The authorisations could be rotated between Members since all are signatories, in the interests of transparency and openness. Two Councillors could check and agree the paperwork for the payments and the Chair of Finance could have overall electronic authorisation to maintain responsibility, while there is shared oversight.</p>	<p>Clerk to prepare the process, Councillors to adopt.</p> <p>As soon as possible.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.6	<p>In year bank reconciliations have not been undertaken. Only a reconciliation at year end.</p> <p>Balances in the bank accounts are reported at each monthly Finance Committee meeting.</p> <p>The reporting as it stands does not include unpresented cheques or income received but not yet paid in / not cleared.</p>	<p>Incorrect impression of the amount of funds the Council has available.</p>	<p>Monthly bank reconciliations should be prepared and presented to Councillors. Bank Statements should also be made available to support the figures in the bank reconciliation.</p> <p>A full bank reconciliation should include any unrepresented cheques and any income received but not yet showing on the Bank Statement in order to give a true picture of monies available. For example if there are a lot of unrepresented large cheques the balances as showing in the bank and in the accounts will differ significantly.</p> <p>Without this information Councillors could be led to believe they have more funds available than they actually do have.</p> <p>Councillors should initial and date that they have seen the full bank reconciliation. Again this is a task that could be rotated around Councillors in the interests of transparency and openness.</p>	<p>Clerk, new Deputy Clerk (it is understood he will undertake financial duties) and Councillors for oversight.</p> <p>From now on.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.7	<p>The Town Council uses Excel spreadsheets for its accounting system.</p> <p>Without a proper electronic accounting system important financial reports for Councillors such as: budgeted against actuals, income and expenditure and the balance sheet are far more reliant on manual input and are therefore far more susceptible to human error.</p> <p>Errors were identified in the cash book such as date errors and VAT had not been stated in the cash book for the Christmas lights. This was for a significant amount; in excess of £800.</p>	<p>Greater potential for human error and non-standard financial reports.</p> <p>And indeed errors have actually occurred which would probably not have done had a proper electronic accounting system been used.</p>	<p>It is recommended that the Council invests in a proper electronic financial accounting system.</p> <p>The Clerk should research accounting packages and costs in preparation for presenting to Councillors.</p> <p>The approval for the expenditure should be undertaken by Councillors, quotations obtained, and supplier selection minuted in line with the Town Council's own Financial Regulations and their scheme of delegation.</p>	<p>Clerk to research.</p> <p>Councillors to approve.</p> <p>As soon as possible but at the very latest in time for the next financial year.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.8	<p>The Council's Risk Assessments have no mention of backing up or recovery plans.</p> <p>It is understood as a back-up the Office Admin takes an external hard drive off site.</p> <p>There is also very little on Lone Working, Staff Safeguarding and Whistleblowing. No separate policies exist in these areas.</p>	<p>Potential for major business interruption in the event of system or network failure.</p>	<p>The Clerk should liaise with their IT Support and Maintenance provider to ensure these areas are properly covered in their service level agreement, and if not, they should be added.</p> <p>The Council should agree any changes to their Service Level Agreement.</p> <p>These policies should be developed and approved by Councillors.</p>	<p>Clerk to ascertain and prepare documentation.</p> <p>Councillors to oversee and approve.</p> <p>As soon as possible.</p> <p>As soon as possible.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
1.9	<p>No VAT had been reclaimed for 2016/17.</p> <p>The 2016/17 amount was £17,744.</p> <p>The original total for the two years in the accounts was £31,348 – being £17,744 plus £13,604. However, the Temporary Office Worker has managed to find a further £1,378.69 in invoices and receipts that were either originally missing or where VAT had not been accounted for in the cashbook.</p> <p>This now makes a total of £32,726.69 that can be reclaimed across the two years.</p>	<p>Financial loss to the Council as they can legitimately reclaim VAT.</p>	<p>The 2016/17 amount should now be reclaimed on a VAT 126 Form along with the revised amount for 2017/18.</p> <p>Management Comment:</p> <p>In communication with the Accountant, the VAT figure has now been revised a third time; which accounts for all payments actually made through the bank (as opposed to invoices / other documentation received, such as statements) and therefore only what can legitimately be reclaimed.</p>	<p>Clerk and Office Staff.</p> <p>As soon as possible.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.	Medium Priority Recommendations			
2.1	Bank Statements from 29 April 2017 to 29 June 2017, 1 August 2017 to 30 August 2017 and 30 December 2017 to 27 February 2018 were missing at the commencement of the audit.	<p>Not initially possible to conduct full internal audit and verify transactions.</p> <p>Undue criticism of the Town Clerk due to the lack of full records available.</p>	<p>Bank Statements should be promptly reviewed upon receipt and then filed on the Bank Statement file to ensure a complete record is maintained.</p> <p>The Clerk downloaded the missing bank statements which were reviewed by the auditor.</p> <p>No unusual transactions were identified. Payments agreed to Councillor authorisations and cheque book stubs and income agreed to paying in book and electronic notifications.</p> <p>The payments to B&NES all agreed between cash book, cheque book stubs and Statements, except for the July discrepancy.</p>	<p>Clerk and Office Staff.</p> <p>From now on.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.2	Viewing the minutes, Standing Orders and Financial Regulations are confirmed to be reviewed annually, however, a review date is not inserted on these documents to evidence their review. The only time a new date is entered is when there has been an amendment.	No clear evidence of regular review and confusion could arise as to whether the most recent versions of the documents are in use.	As well as the dates of initial creation, and any editing, the date the documents have last been reviewed and re-approved should also be included on the documents; to evidence that these are current and up to date documents. Following any substantial changes the documents should be completely re-dated, and all previous dates removed, to avoid any confusion. It is recommended practice to fully review all procedural documents every few years.	Clerk Following next review.

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.3	<p>There were no inconsistencies in terms of levels between the two documents, however, the Auditor had to read between both documents to get the £25,000 and the £60,000 limits.</p> <p>Also, the Standing Orders state that orders for the payment of money are to be signed by three Members and the Clerk and the Financial Regulations state that orders for payment are to be signed by two Members and the Clerk.</p>	<p>Confusion could arise as to correct procedures for higher value purchases.</p> <p>In reality audit checks showed the practice to be 3 Members and the Clerk, however, confusion as to the standard could still arise while this discrepancy between the two documents remains.</p>	<p>A way to avoid any potential discrepancies or confusion in relation to purchasing levels is to include levels in only one of the documents for example the Financial Regulations.</p> <p>This should be made consistent across the two documents, and if 3 Members and the Clerk is the standard this should be stated in both.</p>	<p>Clerk to amend.</p> <p>Councillors to approve.</p> <p>As soon as possible.</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.4	<p>Vehicle tax for one of the Council's vehicles was paid using the previous Deputy Clerk's personal credit card which the Council's own Regulations state is not permitted.</p> <p>The Deputy Clerk incurred a £2.50 card handling fee for which he wasn't reimbursed - only the £240 car tax amount.</p>	<p>Non-compliance with the Town Council's own Regulations.</p> <p>Risks and liabilities around using a member of Staff's own personal credit card on Council business. Operational, Reputational and Financial risks.</p>	<p>On no account should Staff be using their own cards to procure goods and services on behalf of the Council.</p> <p>The Council should give some consideration to taking out a Council credit card for online purchases.</p> <p>This is recommended rather than a debit card as they will get a separate statement purely for credit card purchases which will aid reconciliations and transparency and openness. The account balance could be paid for from their existing current or reserve accounts. As long as the balance is cleared monthly by transfer from one of the other accounts they should avoid having to pay any bank charges.</p>	<p>Clerk and research and administer.</p> <p>Councillors to approve and oversee.</p> <p>December 2018</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.5	The Council's policy for Financial Risk Management is dated 6 November 2012.	The policy may not be up to date with current regulations and requirements.	<p>The Clerk had partly updated the existing policy by hand, however, the entire document should now be fully reviewed and re-approved by Councillors and then the date of the most recent approval inserted to show it is current. The document should also include the date of when the next review is due.</p> <p>The Clerk could research current best practice in this area, prepare a draft updated policy or paper on the subject, and bring this to the table for discussion and agreement by Councillors.</p>	<p>Clerk to prepare.</p> <p>Councillors to approve and oversee.</p> <p>December 2018</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.6	<p>The Council has no overall Health & Safety Schedule.</p> <p>They do have: COSHH information sheets, First Aid information, HSE boards displayed, an Accident book / sheets, plus First Aid kits and all the office team are qualified First Aiders. They are also notified when the fire extinguishers are due for testing.</p> <p>However, there is no overall tabled strategy as to what needs to be done on a daily, weekly, monthly, annual basis from a Health & Safety perspective, and nothing to pull all of the above together in a top level Health & Safety Statement / Policy.</p>	<p>Important regulatory significant dates could be missed for example statutory electrical inspections and inspections of equipment.</p>	<p>It is recommended that the Council develops a top level Health & Safety Statement / Policy beneath which a Health & Safety Schedule should sit, detailing the tests / checks needing to be undertaken and their frequency.</p> <p>As above the Clerk could research current best practice in this area in line with legislative requirements, prepare a draft policy or paper on the subject, and bring this to the table for discussion and agreement by Councillors.</p>	<p>Clerk and Staff to research and prepare.</p> <p>Councillors to approve and oversee.</p> <p>December 2018</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.7	The copies of the monthly Financial Reports for the Finance Committee were not signed and dated as seen by the Chair.	No evidence that these reports, or at least in their present format, have been presented to Councillors.	Supporting documentation should be signed by the Chair to confirm the report was as seen at the relevant meeting.	Clerk and Chair, and Chairs of Committees. From now on.
2.8	Three receipts were missing for expenses claims.	Lack of prime documentation to support the veracity of the claim. Non-compliance with HMRC regulations that prime documentation is retained to support expenditure for six years plus current financial year.	Every effort should still be made by the Town Clerk to locate these three missing receipts.	Clerk and Office Staff. As soon as possible.

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.9	<p>Although the year end accounts report new acquisitions in 2017/18 of fencing work of £11,463 and two spring rockers totalling £2,100, the Auditor could not see these assets added to the Council's Asset Register.</p> <p>Also, serial numbers have not been entered in the Asset Register for computer equipment.</p> <p>Vehicle Registration No.'s are not entered for all vehicles.</p> <p>There was also no column for disposals - who the items have been written off by, the approval for this, the reason for the disposal and the proceeds from any sale of disposals.</p>	<p>Lack of complete information could cause difficulties in the event of a claim.</p>	<p>All of this information should be entered into the Asset Register / inventory.</p> <p>Internal Audit Services will provide a list of basic requirements for an electronic inventory upon request.</p>	<p>Clerk and Office Staff.</p> <p>December 2018</p>

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No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer, Proposed Timescale and Priority
2.10	According to the dates as presented for leases in the year end accounts all but one of the leases have expired.	Reputational risk as these accounts are published. People may ask if they can still use the areas and others may ask why these have not been renewed.	The Auditor consulted with South Gloucestershire Council's Property Services on the matter, and a Senior Valuer explained that these leases are what is known as 'held over' leases where it is not financially viable to take out a brand new lease but rather both parties agree to let the agreement run on even though technically the date for the termination of the lease has passed. The Auditor and Property Services recommend that the Town Council should label the relevant leases in the accounts as 'holding over' or 'rolling over' rather than 'expired' as this may only raise questions with the public when the accounts are published.	Clerk With the revised set of accounts.

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Appendix 1

Key to Our Opinions

Opinion	Description
High Standard	Systems and processes are excellent providing good assurance. Significant strengths have been identified and are to be commended, any recommendations made will serve to further strengthen existing arrangements.
Reliable Standard	There are very few significant matters arising from the audit, systems of control are good and provide reasonable assurance.
Improvements Required	Existing procedures need to be improved in order to ensure that they are fully reliable. Extensive recommendations have been made but the issues are not of such a significance to represent a major risk to the Council.
Significant Improvements Required	Existing procedures are weak and reasonable assurance could not be provided over a number of areas. Prompt action is necessary to improve the situation and avoid unnecessary risks.