

Internal Audit Plan

2013/14

Bradley Stoke Town
Council

In this report:

	Page
Background Information	2
Detailed Report	
1. Introduction	3
2. Audit Objectives	3
3. Opinion & Conclusions	3-4
4. Way Forward	4
5. The Control Environment	5
6. Action Plan	6
Appendices	
1. Key to our Audit Opinions	
2. Quality Assurance Questionnaire	

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



Internal Audit Services

Background Information

Audit Staff Completing the Review:

Sue Bressington – Senior Audit Officer

Officers Contributing to the Review:

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

Rachel Pullen - Finance Manager and RFO

Pat Louca - Booking & Finance Officer

Victoria Davies - Health & Safety / Admin Officer

Planned and Actual Time:

We planned to complete the review in 3 days, and this is how long we took to complete the work (to include year end).

Supporting Information:

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

The Council's Standing Orders

Minutes of Council meetings

Payroll and Accounting Records

Bank account records

Our Report has been distributed to:

Sharon Petela - Town Clerk

Rachel Pullen - Finance Manager and RFO

1 Introduction

- 1.1 A review of the financial procedures in operation at Bradley Stoke Town Council for financial year 2013/14 has been completed in accordance with the agreement signed in 2014 between the Parish Council and South Gloucestershire.
- 1.2 For the financial year, the Parish Council precept is a total of £717,433.50, paid in two instalments.

2 Audit approach

- 2.1 In accordance with best practice, a systems based approach has been adopted for this review which involves the structured evaluation of the internal controls operating.

3 Opinion & Conclusions

- 3.1 Our agreement with the Parish Council requires us to provide an annual assurance statement and this audit report contributes to that statement, by forming an opinion on the systems operated. We adopt three levels of opinion and these are described in Appendix 1 of this report.
- 3.2 In evaluating the Parish Council's procedures, we sought to assess them against the requirements of the Audit Commission's annual return for town and parish councils. Our assessment of the extent to which these objectives are being met, which are provided in the Control Environment table at section 5, helps form our overall opinion.

Our opinion is that the arrangements examined during the audit are of a **High Standard**. This means that full reliance can be placed on the arrangements operating and only minor recommendations have been made.

We identified the following strengths:

- Although high, the Council's reserves have been adequately planned to ensure that funding is available when required for earmarked projects, and general reserves are at a reasonable level in accordance with NALC guidelines;
- The Council's budget is well managed and the Precept is set as the result of a proper budgetary process;

- The Council has exceptional risk management procedures in operation for both financial and operational risks;
- Books of account have been properly kept throughout the year and the SAGE financial software is utilised to its full potential.

We identified the following areas where we consider management action is appropriate:

- There are minor inconsistencies between the Councils approved standing orders and financial regulations.

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

4 Way forward

4.1 The action plan which follows was agreed with the **Finance Manager**, following the end of audit meeting held on the **21st January 2014**.

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?
CO01	Books of account have been properly kept throughout the year.	Yes
CO02	All payments made have been in accordance with the Council's Standing Orders, are supported by invoices, have been approved and VAT has been correctly accounted for.	Yes
CO03	The Council has adequate arrangements in place to manage all identified risks.	Yes
CO04	The annual precept is the result of a proper budgetary process.	Yes
CO05	The budget has been regularly monitored.	Yes
CO06	The Council's reserves are appropriate.	Yes
CO07	Income has been properly accounted for and banked.	Yes
CO08	Salaries have been properly paid in accordance with Council approvals.	Yes
CO09	The asset and investment registers are accurate.	Yes
CO10	Bank account reconciliations are accurate and timely.	Yes

Internal Audit Plan

2013/14

No.	Matters Arising from Review	Potential Consequence	Recommendations & Management Comment (Where Applicable)	Responsible Officer and Proposed Timescale
2.	Medium Priority Recommendations			
2.1	<p>Council's Standing Orders and Financial Regulations</p> <p>Standing order 78 (1) requires the Financial regulations to set values for different procedures where contracts are estimated to be less than £50,000.</p> <p>Financial regulations include procedures for contracts estimated to exceed £10,000 without reference to an additional £50,000 threshold.</p> <p>Standing order 78 (5) provides that European Union Public Sector Procurement Rules are likely to apply to contract exceeding £140,000.</p> <p>However, since 1st January 2012 the EU threshold has been raised to £173,934.</p>	<p>Inconsistencies between Standing orders and Financial regulations</p> <p>The Council's purchasing requirements for high value contracts may be unclear</p> <p>Incorrect purchasing procedures may be followed</p>	<p>It is recommended that the Standing orders and Financial regulations are reviewed in respect of high value contract procurement procedures, to ensure that both documents are consistent, and include the Council's most recent requirements for procurement.</p> <p>Management Comment</p> <p>The Town Clerk has agreed to amend the Standing Orders accordingly.</p>	<p>Responsible Officer</p> <p>Town Clerk & Finance Manager/RFO</p> <p>Proposed Timescale</p> <p>31 March 2014</p>