

Audit Report

Bradley Stoke Town Council

Audit Plan Year: 2019/20

Audit Status: Audit Completed

Audit Review Date 30th & 31st January 2020

Report Distribution:

Sharon Petela
Terry Hucker

Town Clerk
RFO / Finance Manager (Covering whilst Rachel Pullen is absent)

Objective

The objective of the audit was to provide an independent opinion on the appropriateness of the financial control procedures operated in the Council. Louis James examined these procedures.

Overview

The Town Council has 14 Councillors who sit across 3 committees and is staffed by 20 members of staff. The last Census produced in 2011 recorded that the population for the Bradley Stoke Ward was 20,599. The 2019/20 annual precept was set at £798,998.

The Auditor was pleased to report that there were no recommendations from the previous audit, so no follow up of the status of these actions was needed.

Opinion

The highlighted wording in the table below provides the opinion for this internal audit review and its accompanying 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.

1. Key Strengths

- The council's accounting system is updated regularly and records are presented to Councillors monthly;
- The Town Council has multiple income streams, but banking is regular and intact. Regular reconciliations are performed;
- There are regular quorate meetings of the Town Council and its Committees and the annual budget is set and approved annually in a timely manner;
- The Asset Register holds great detail and is checked annually;
- Documentation is retained and a complete audit trail was evident for income and expenditure transactions that were sample tested;
- All petty cash claims examined reconciled to the council's accounting system, SAGE. All receipts, supporting documentation and petty cash reconciliations are retained on file.

2. Key Risks

- Non-compliance with council's own financial regulations.

3. Key Actions

- The limits regarding value for money exercises within the council’s Financial Regulations should be updated to reflect actual working practices.

4. Advisory Points

- Whilst on site, the members of staff at Bradley Stoke Town Council were unable to locate a full bank mandate for its main current account. It is best practice to receive confirmation from list of signatories on a regular basis to verify there are no inaccuracies.

5. Follow Up

As part of our assurance work we will also review audit findings from the in year audit by way of a follow up. We must advise you that as per External Audit requirements we are no longer able to provide a ‘Partial’ audit opinion on the AGAR (the Annual Governance and Accountability Return). Therefore any audit finding resulting in a ‘Partial’ or ‘No’ rated Control Objective at the in year audit, still remaining not implemented by the Year End audit, will now have to be submitted as a ‘No’ rating on the AGAR.

All of the matters arising from the audit are detailed in the Action Plan together with suitable recommendations.

6. The Control Environment

Key Control Objectives		Achieved?
A.	Appropriate accounting records have been kept properly throughout the year.	Yes
B.	The council’s financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	Yes
C.	The council assessed the significant risks to achieving objectives and reviewed the adequacy of arrangements to manage these.	Yes
D.	The annual precept requirement resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.	Yes
E.	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Yes
F.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Yes
G.	Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	Yes
H.	Asset and investment registers were complete and accurate and properly maintained.	Yes

Audit Report: Bradley Stoke Town Council

I	Periodic and year-end bank account reconciliations are properly carried out.	To be completed at Year End.
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.	N/A
K	IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (<i>“Not Covered” should only be ticked where the authority had a limited assurance review of its 2019/20 AGAR</i>)	N/A
L	During summer 2019 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirement of the Accounts and Regulations.	N/A
M	(For local councils only) Trusts funds (including charitable) – The council met its responsibilities as a trustees.	N/A

7. Auditors & Acknowledgements

Audit Manager	Justine Lawson
Auditor/s	Louis James

Audit Report: Bradley Stoke Town Council

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer ; Proposed Timescale
Priority: Medium				
1	<p>The council's Financial Regulations state that before entering contracts or purchasing items between £10,000 and £50,000, the Town Clerk shall invite tenders from at least three firms.</p> <p>Whilst testing payments, a high value purchase of £19,194 was found. This purchase had 3 written quotations to show value for money, but no formal tendering process was conducted in line with the council's Financial Regulations.</p>	<p>Non-compliance with council's own financial regulations.</p>	<p>It is suggested that the limit in which formal tendering must be conducted is increased within the council's Financial Regulations.</p> <p>The document currently states: Where it is intended to enter into a contract exceeding £10,000 but below £50,000 in value for the supply of goods or materials or for the execution of works or specialist services.</p> <p>Other limits within the Financial Regulations should also be reviewed and be updated to reflect actual working practice.</p>	<p>Town Clerk and RFO / Finance Manager</p> <p>By April 2020</p>