



FINAL

Internal audit report 2019/20

Visit 2 of 3

SOMERTON TOWN COUNCIL

Date: 23rd March 2020

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Introduction

This report contains a note of the audit recommendations made to Somerton Town Council following the carrying out of internal audit testing on site on the 4th March 2020.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as amended by the additional requirements in the 2018/19 AGAR.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

As this audit report is an interim one, no audit opinion is offered at this stage.

The report issued after the final visit for 2019/20 (which will be in May or June 2020) will contain the audit opinion.

The following areas were reviewed during this audit visit:

1. Payments
2. Risk Management
3. Budgetary Control
4. Income
5. Payroll

Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.

Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	1
Medium	4
Low	0
Information	0
TOTAL	5

I would like to thank Jude Raybould, Town Clerk for her assistance during this audit.

Darkin Miller ~ Chartered Accountants
2019/20 INTERNAL AUDIT OF SOMERTON TOWN COUNCIL
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Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/ Medium/ High)	Management Response	Responsible Officer	Due Date
2.1 – Amend and sign Clerk’s contract	<p>I checked to see that a Responsible Finance Officer has been appointed with specific duties. I note that the Clerk was appointed as Clerk at Council on 12/03/19, and that the draft contract notes that the Clerk is both Clerk and RFO, but that the contract has not been signed (as at the audit date of 04/03/20), and that the list of specific duties at the end of the contract does not appear to contain reference to e.g. the Clerk's role in producing the statutory accounts.</p> <p>I recommend that the contract be amended if necessary to include the specific duties noted in the model Clerk and RFO contract produced by NALC, and that the contract is signed by both Clerk and Council in order to ensure that both parties have agreed the terms and conditions of the Clerk/RFO's employment.</p>	H	<p>Town Clerk, Chair and Vice Chair to work on the Contract terms as advised to the role including in the Clerk’s role in producing the statutory accounts.</p> <p>(In line with the COVID -19 Internal Plan, this will be completed via email and signed through the use of Royal Mail)</p>		
3.1 – A&H minutes	<p>I reviewed the minutes to confirm that there was no unusual financial activity. I found that the minutes of the Accessibility & Highways Committee for 26/03/19 were not on file, although they were presented for signature at the following meeting on 28/05/19 at minute A538.</p>	M	<p>Approved Minutes provided to the Internal Auditor were given to the Chair of A&H Committee via post in light of COVID -19 for signing. I can</p>		

	<p>I recommend that the minutes are signed at the next meeting and placed on file in order to ensure that a complete record of Council business and decisions is held.</p>		<p>confirm these minutes were signed and dated 20th March 2020. Scanned copy provided as evidence and the COVID-19 internal Plan.</p>		
<p>3.2 – Include all evaluation criteria in scoring matrix</p>	<p>The Council ran a tender exercise to appoint a contractor to carry out works to a cobbled area. The tender exercise rightly included a review of references, but the scoring matrix did not include the related scores. As a result, the Council appears to have awarded the work to a contractor who was neither the cheapest, nor obtained the best score.</p> <p>A review of the paperwork that sits behind the decision at minute A543 of the A&H Committee shows that a detailed review was undertaken, and that the Council appears to have made a decision based on best value, in accordance with its Financial Regulations.</p> <p>I recommend that all of the criteria that will be used to evaluate quotes or tenders are recorded on the evaluation matrix, so that the evaluation score accurately reflects the contractor's bid, and supports the Council's decision.</p>	<p>M</p>	<p>All future tender matrix tables will include a line related to referee feedback statements to be recorded and the impact from those completing the tasks. Furthermore, there will be a final summary statement to give a true reflection on the final numerical scoring.</p>		
<p>4.1 – Check of accuracy of budget</p>	<p>I checked to see that the Council receives regular budget monitoring reports, and that there are no significant unexplained variances. I found that there</p>	<p>M</p>	<p>This was an error in the spreadsheet</p>		

<p>monitoring report</p>	<p>appeared to be errors on the most recent budget monitoring report in the comparison of actual income to budget. The January report noted an adverse variance of £6,653, but it should have shown £16,932.</p> <p>I recommend that the budget report is corrected, and that a check is done each month to confirm that the difference between the total cumulative result and the budget is the total shown on the variance line.</p>		<p>formulas which have been amended.</p> <p>The February formulas have been following the January fixed formula template and the Clerk and Finance Councillors will complete a sense check on their monthly check of the payment schedules where possible.</p> <p>Town Clerk to attend and complete a Spreadsheet course.</p>		
<p>5.3 – Discounts</p>	<p>I checked to see that prices charged agreed with those set by the Council. I found that it was not possible to agree the hall hire rates for those samples of hall hire income, as each of the samples related to customers in receipt of a discounted hire rate (as each customer hired the hall on at least 52 occasions per year). One customer was receiving a 55% discount, but regularly books a party package deal at full rate. One customer receives a 71% discount, but has no ability to book further than 7 days in advance (so that, were a higher-paying</p>	<p>M</p>	<p>The budget process for 2020 – 2021 has taken place but in line with the feedback and desire to improve practices an Edgar Hall price review will take place in preparation for April 2021 – 2022 to the Committee</p>		

	<p>customer to book the room, they would lose the facility). A third customer appears to pay for the correct number of hours but, on the days that the Town Clerk has been present at the same time, the number of hours actually used has been higher. However, the Clerk has noted that the customer concerned opens and closes the building, and always leaves the building clean and tidy, so that there are no additional staffing costs from the hire.</p> <p>Each of the discounts relate to historic agreements with the customers concerned. Note that in the Scheme of Delegation, the Town Clerk has delegated authority to negotiate discounts on scale hire charges if this benefits the Council.</p> <p>I recommend that the schedule of fees and charges for all Council services is considered annually as part of the Council's budget setting processes, and that a schedule of customer discounts is also provided to Members so that the discounts applied are transparent.</p>		<p>Members and indeed allowance of time to inform of customers with plenty of notice. This will then include the information and process involved in the “Gold Membership” rates. Desired aim is for this take place at the next L&P Committee Meeting.</p> <p>Reports and Draft L&P Agenda provided. The council are now following the COVID -19 Internal Plan, so this will go to committee at the earliest possibility.</p>		
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