



FINAL

Internal audit report 2021/22

Visit 2 of 3

SOMERTON TOWN COUNCIL

Date: 25th February 2022

Report author: R Darkin-Miller
Email: r.darkin@darkinmiller.co.uk

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 23rd February 2022.

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 and 2020/21 AGARs.

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 2021/22 (which will be in May or June 2022) will contain the audit opinion.

The following areas were reviewed during this audit visit:

1. Payments
2. Risk Management
3. 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	0
Medium	2
Low	3
Information	0
TOTAL	5

I would like to thank Lisa Newby, Town Clerk; and Sue Burton, RFO, for their assistance during this audit.

Darkin Miller ~ Chartered Accountants
2021/22 INTERNAL AUDIT OF SOMERTON TOWN COUNCIL
FINAL REPORT VISIT 2 OF 3: 25th FEBRUARY 2022

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
2.1 – Obtain invoices to support statement	<p>I checked to see that a sample of payments were supported by invoices, authorised and minuted. I found that invoices or other paperwork were in place for all payments, but that one of the two invoices shown on a completion statement did not agree to the amount shown on the invoice. This has meant that the coding of the payment and the reclamation of the related VAT does not tie back fully to the invoices provided by the supplier.</p> <p>I recommend that the supplier is asked to provide the invoice that supports the completion statement, or that a revised completion statement is issued, so that the audit trail to support the amount paid and the VAT reclaimed is clear.</p>	M	<p>The supplier is to be contacted to provide the invoices that are shown on their invoice to support the reclaiming of the VAT, and additionally a revised completion statement.</p> <p>RFO to contact the supplier with the request</p>	RFO	By financial year end, 31/03/2022
2.2 – Expense claims for reimbursement	<p>I noted that three invoices were addressed to the Councillor who ordered them (rather than the Council). Councillors or staff reclaiming money from the Council in relation to Council goods or services should be accompanied by an expense claim. This ensures that the claimant self-certifies that the amount claimed is correct and relates to goods or services provided to the Council, and gives a clear audit trail for the reclaiming of VAT on the invoices.</p>	M	<p>Steps being taken to introduce an ‘expenses claim’ form for immediate implementation.</p> <p>RFO has template that can be tailored for</p>	RFO	By year end 31/03/2022

	I recommend that Councillors or Staff reclaiming money from the Council for goods or services ordered on its behalf complete an expense claim which they sign and date, and which is signed and dated by a line manager (for staff under the Clerk), Chairman (for the Clerk), or the Clerk (for Councillors), in order to improve the audit trail.		Town Council requirements		
2.3 – Ensure credit card payments approved, and take November 2021 payments report for approval to Council	<p>I was unable to find the minuted approval in relation to 8/28 invoices. One related to a direct debit paid in November 2022, and 7 to credit card purchases made in November and paid in December 2022. The Clerk noted that there was no Council meeting in December, and that the related payments lists were omitted from the January council meeting following a staff absence.</p> <p>I recommend that the November 2021 payments list is prepared and taken for approval to the next Council meeting.</p>	L	The November payment list will be added to the March 2022 agenda for approval by councillors	Clerk	08/03/2022
7.1 – Recode Councillor allowances	I checked that all payments and deductions were correctly coded and suspense accounts promptly cleared for a sample of staff. I found that there were no suspense accounts, and that control accounts were promptly cleared (and only contained the current month's balance owed at the month end). I noted that Councillor allowances were coded to staff salaries. Allowances should be coded to a specific Councillor allowance nominal code as the Practitioner's Guide does not include allowances	L	The current coding system has been in place prior to the current Clerk and RFO being in post. A separate code in SAGE to be used for Councillor allowances. RFO to allocate a separate nominal code,	RFO	Before year end 31/03/2022

	<p>within its definition of staff salaries.</p> <p>I recommend that Councillor allowances are transferred to a non-staff salary code in order to ensure that they are not included within the staff salaries figure on the Annual Return at the year-end; and that the prior year staff and other payments figures on the Annual Return are restated if necessary.</p>		<p>and recode entries as necessary. Restate staffing cost figure on 2020/21 AGAR with appropriate reasoning on the 'explanation of variances' when 2021/22 AGAR submitted later this year</p>		<p>When AGAR figures are being finalised</p>
7.2 – Confirm Councillor allowance	<p>I checked to see that salaries agreed with those approved by Council. I found that all staff salaries agreed, but noted that four Councillors were paid an allowance for the month. I could not find the Council minute when the level of the allowance was agreed in order to confirm that the amount paid was correct.</p> <p>I recommend that Council confirms the annual allowance to be paid to those Members who claim an allowance. This will improve the audit trail.</p>	L	<p>The current Councillor allowance system has been in place prior to the current Clerk and RFO being in post. Given the precise timing of the introduction of Councillor allowances, it is more straightforward to ratify the amount (£112.50) currently agreed for a councillor allowance at the next Full Council meeting</p>	Clerk	08/03/2022