

Finance 19th June 2018 105/18 (Appendix B)

Internal Audit Report Summary – Ensors Accountants LLP

Introduction and summary

The summary assessment overall was that the evaluation of control design and the effectiveness of control operation is substantial. This means that there is generally a sound system of Internal control, but there are some weaknesses which may place some of the system objectives at risk. These weaknesses and the action to be taken to improve is as detailed below.

Observation 1

During our testing of purchase transactions between £2,000 and £10,000, it was found that a minimum of 3 quotations was not always obtained due to the unique nature of the purchase.

Response

With so many contracts agreed during the year it has been noted that sometimes setting aside financial regulations to negotiate a contract without competition has been missed from the recommendation or resolutions although it will have been discussed during the meeting. Officers and the committee secretary will be reminded to ensure the suspension is noted in the recommendation and resolutions in future. Officers will be reminded to ensure three quotations are sort where possible and that they should be comparable. The council is starting to adopt a tender process for contracts between £2,000 and £10,000 as this ensures quotations received are according to the same published specification.

Action

Remind officers of the necessity to suspend financial regulations and ensure this is recorded in the relevant minute, when negotiating contracts without competition (FR Section 11.1(d)).

Observation 2

During the audit testing for purchases above £25,000, it was noted that, although there was discussion in the minutes about the tenders, the documentation for the tendering process for the replacement of the Carnegie toilets could not be located.

Response

This whole tender was subject to a special meeting on 3rd May 2018 as it had been found to not be properly minuted. The tender process has improved over the year but some less experienced officers may require training in this area. A tender form has been designed to aid officers in ensuring that all steps of a tender process are

followed and properly recorded and minuted. There is now always an agenda item on the Finance Committee meeting for updates regarding contracts where an up to date tender register is presented. All contracts over £25,000 now have to be presented to full council for approval as per the revised Financial Regulations. It will be recommended to officers that all completed tender files must be returned to the office for checking and safekeeping.

Action

To train officers in areas of finance and tender procedures and recommend that for each tender a file is maintained and returned to the office for safe keeping.

Observation 3

It was identified during our audit fieldwork for purchases that there was an invoice for Bryan Lecoche which was £682 higher than the purchase order. This was not authorised by an appropriate person. Any variations between the purchase order and invoice received should be reviewed by an appropriate person and signed to authorise the change of value is reasonable.

Response

Officers will be reminded that differences between orders and invoice totals need to be explained on the face of the invoice by the relevant officer and signed off as approved by the Clerk

Action

Remind officers that discrepancies between order and invoice totals must be explained on the face of the invoice and signed off by the Clerk.

Observation 4

It was noted during our fieldwork that some of the March 2018 bank payments had only been authorised by one Councillor rather than two.

Response

Action was taken to resolve this immediately and had come about due to a mandate change where "dual authorisation" was mistakenly ticked instead of "triple authorisation". This has now been resolved and payments made with only one authorisation have subsequently been approved by Full Council.

Action

No further action required

Observation 5

It was noted during our fieldwork that some purchase payments were not paid in line with the supplier's credit terms. This appears to have occurred as the accounts department do not always receive the invoices promptly as they are sent to other departments.

Response

Many invoices are now sent direct to the officers who order services. Sometimes these are overlooked and not forwarded promptly to the accounts department. A reminder will be sent to all officers to forward to the accounts department flagged as important so this is less likely to happen.

Action

To remind staff to forward received Invoices via emails and to remind accounts staff to flag email invoices to ensure they are processed when received.

Observation 6

It was noted during our fieldwork that the pro forma schedules for credit card transactions are not always completed and authorised appropriately. Where the Town Clerk has made a purchase using her credit card, this should be authorised by the Deputy Town Clerk as well as herself.

Response

Noted and we will ensure all credit card returns are fully authorised.

Action

To remind staff to check all credit card returns are properly authorised.

Observation 7

It was noted during our fieldwork that the rental value invoiced for Shambles 2 and 3 was switched in April 2015. This has resulted in Shambles 2 being overcharged and Shambles 3 being undercharged by £36.25 per quarter. However, both these properties were rented out to the same tenant until 5 December 2017. Therefore, overall the income between the two properties was recognised correctly up to that date.

Response

Noted and agreed

Action

This has been resolved and no further action is required.

Observation 8

It was noted during our fieldwork that the solicitor has confirmed that there are no title deeds for the following properties: Carnegie Room, Guildhall, Royal British Legion, Red Lion Public House, and the Shambles. The solicitor confirmed that the Council do not need the deeds as the properties are all registered.

Response

The Financial Regulations will be amended to reflect this.

Action

To amend Financial Regulations to reflect this, at the next review.