

FINAL

Internal audit report 2021/22

Visit 3 of 5

SWANAGE TOWN COUNCIL

Date: 24th February 2022

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Introduction

This report contains a note of the audit recommendations made to Swanage Town Council following the carrying out of internal audit testing on site on the 9th, 15th, 16^h, 17th, and 18th 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 supplemented by the requirements of the 2018/19 and 2019/20 AGAR, with additional tests specific to the Council as agreed with the Town Clerk and Finance Manager.

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 2022) will contain the audit opinion and a summary of all the high and medium level findings and recommendations made during the 2021/22 audit year.

The following areas were reviewed during this audit visit:

1. Payments (work in progress)
2. Income, with a specific focus on:
 - a. Car Parks (completed)
 - b. Cemeteries (completed)
 - c. TIC Cash (completed)
3. Payroll (completed)

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	0
Low	5
Info	0
TOTAL	5

I would like to thank Martin Ayres, Town Clerk; Alison Spencer, Finance Manager; Stephen Morgan, Finance Officer; Culvin Milmer, Visitor Services Manager; Cara Johnston, Administration Officer, and the Visitor Services team for their assistance during this audit.

Darkin Miller ~ Chartered Accountants
2021/22 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL
FINAL REPORT VISIT 3 of 5: 24th FEBRUARY 2022

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/ Medium/ High)	Management Response	Responsible Officer	Due Date
2.1 – Separation of duties for processing and authorising invoices	<p>I checked to see that a sample of payments made in the year were supported by invoices, authorised (signed by an appropriate officer to confirm that the invoice was correct and related to a genuine supply to the Council) and minuted for approval by Members. I found supporting paperwork in place for all 14 payments (covering 27 invoices) in the sample.</p> <p>I noted that 17/27 samples were noted by Council, as the Council's financial regulations place the requirement to authorise payments at the officer level (due to the volume of transactions). 5/27 are on payments lists which will be noted at a future Council meeting. A further 5/27 are due to be on the month 11 payments lists (for noting at a future Council meeting).</p> <p>Of the 27 samples, the majority had not been authorised in the normal way (signed off by the budget holder or Clerk) prior to payment. This was for two reasons: the Council's financial regulations place the authorisation of the expenditure at the purchase order stage, meaning that as long as the related invoice agrees with the purchase order it is treated as approved. In addition, the remote working requirements of Coronavirus (still in</p>	L	Agreed.	TH3	As soon as normal working practices are resumed.

	<p>operation in 2021/22) disrupted the Council's normal working practices. In order to ensure that the Council continued to pay suppliers in a timely manner, the majority of invoices were 'authorised' (initialled by) the Finance Manager to confirm payment was due to be made, with some smaller or routine invoices e.g. rates, being authorised by the Finance Assistant. For larger invoices, the Finance Manager confirmed an email approval audit trail sits behind each invoice (but is not printed and attached to the invoice), and for non-contract amounts, purchase orders are in place to show approval for the goods or services ordered (so Finance just confirms satisfactory receipt from the budget holder).</p> <p>I recommend the Council returns to its normal authorisation process as soon as possible in order to ensure separation of duties between authorising and processing invoices.</p>				
2.2 – Change addressee name on statement	<p>One of the pieces of evidence supporting a sample payment (a statement of charges relating to card payments at the TIC) was addressed to a Councillor.</p> <p>I recommend that the addressee is amended to one of the Council officers (preferably noting the title of the officer) in order to ensure that financial paperwork is received and processed by the correct officer, regardless of changes in staff of members.</p>	L	Agreed. The supplier will be contacted and asked to change the named addressee on the invoices.	TH3	February 2022

7.1 – Sign contract of employment	<p>I checked to see that contracts were in place for all new employees (to the sample month audited) with clear terms and conditions. I found that contracts were in place for all staff, and that all had been signed by the employee. One contract had not been signed by the Council as employer.</p> <p>I recommend that the contract is signed in order to evidence agreement of employment terms and conditions.</p>	L	Agreed.	TH1/TH3	February 2022
7.2 – Return to signed timesheets when possible	<p>I checked a sample of other payments to employees to confirm that they were reasonable, properly support and approved by the Council. I found that all overtime and standby allowances paid for the sample month of June 2021 agreed to timesheets and hourly rate calculations, but noted that most of the timesheets were unsigned as the Council was still operating CV-19 lockdown protocols.</p> <p>I recommend that the Council returns to signed timesheets at the earliest opportunity in order to ensure that staff self-certify the hours claimed.</p>	L	<p>Agreed.</p> <p>Most employees (depot) do send through a signed timesheet which is held in a separate folder, rather than the payroll folder.</p> <p>It has been easier to have a duplicate timesheet sent through electronically on a Monday morning and then checked against the signed timesheet when this comes through.</p> <p>I will request that all other employees who complete a timesheet also send through a</p>	TH3	With immediate effect

			signed timesheet to certify the electronic copy.		
20.1 – Include reference number on interment applications, and update index cards	<p>I physically inspected the recent graves and memorials and checked that a sample had been applied and paid for. I found that all recent graves and memorials had been applied and paid for, and that the audit trail for most applications was excellent (with the burial request instruction reference number, and the invoice number and date, noted on the majority of interment forms). For 7/17 forms, the burial request instruction reference number had not been noted.</p> <p>A set of index cards is kept at the front of the register of burials. The register of burials records details of the burials by sequential burial number, which can make it difficult to locate where a named individual has been buried. The index cards record burials by surname (with a note of the burial number and exclusive right of burial reservation number). For 2/17 samples (both recent burials), the names of those buried have not been updated to the index cards.</p> <p>I recommend that the burial instruction reference number is included on all interment application forms, and that the index cards are updated for the two recent burials, in order to improve the audit trail.</p>	L	Agreed	OPS1/TH5	With immediate effect