

<p style="text-align: center;">DM PAYROLL SERVICES LTD</p> <p style="text-align: center;">INTERNAL AUDIT REPORT</p> <p style="text-align: center;">WOLVERTON & GREENLEYS TOWN COUNCIL</p>
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Date of Report: 4th February 2021

I have undertaken the interim internal audit review for Wolverton & Greenleys Town Council. I have carried out tests on the systems in place and have reviewed the internal controls. I confirm I have acted independently; the basis of the internal audit is by selective assessment of compliance with relevant procedures and controls.

A. Appropriate books of account

Appropriate books of account have been kept during the year. The council has used RBS Omega software to record the accounts, they are kept up to date and there is evidence they are balanced monthly.

B. Financial Regulations

An average of one in four payment samples were tested, there was a clear audit trail of all sample payments tested, financial regulations were met and payments were supported by receipts or invoices.

There were larger contracts entered into during the year. A tender process was initiated for the contract with Axiom b2, it is understood the tender was advertised on the website and there were no other applicants. The contract for Christmas Lights was awarded to the existing contractor because they are knowledgeable of the council's systems and requirements.

It is recommended the market is tested in relation to the Christmas lights contract to ensure the contractor is offering good value.

VAT was accounted for and VAT returns are submitted quarterly.

The use of the town council credit card is outlined in the financial regulations. The usage of the credit card was reviewed and was found to be used appropriately with supporting receipts provided. The regulations allow for the caretakers to have use of the credit card with a maximum limit of £600 per transaction and on condition the caretaking budget is not exceeded.

It is recommended a system is put into place which will allow the caretakers to know how much of their budget is left to ensure the use of the credit card does not cause the budget to be overspent.

It is also recommended the monthly credit card statement is reported to Full Council to ensure members are aware of how the credit card is being used. This will also deter any possible future misuse of the credit card.

C. Risk Assessments

A financial risk assessment was reviewed by council at the 28th July 2020 meeting. The risk assessment is thorough and covers generic activities of the town council.

There is evidence of specific risk assessments being carried out for town council activities.

The parish council backs up its computer data daily onto a cloud based storage facility. The insurance includes cash on premises locked in a safe or strong room of up to £2,000. There may be times when the cash amount on premises exceeds this, especially following the fireworks display. It may be prudent to contact your insurers to ask to increase this amount.

D. Precept

There is evidence of financial monitoring reports of actual income and expenditure compared against the budget being provided to the council monthly.

There are members of staff who work under specific budget headings, e.g. community projects or bloom, it would be useful for officers to have means of knowing how much remains in the budget for expenditure in their area of work. There will be times where an order for work has been made but not yet paid for and looking at the usual budget information does not include 'committed' expenditure. Members of staff may find it useful to have a simple spreadsheet with the agreed budget for their area of work, this could be updated when expenditure is committed to show what is remaining in the budget for the year.

It is recommended to implement a simple spreadsheet system to enable staff members to know how much of their budget is spent or committed.

E. Income

The council has not received any cash payments this financial year, most payments being made by bank transfer into the council bank account. The finance officer monitors unpaid invoices monthly when doing the month end accounts and will then follow up overdue payments. A sample check was carried out of invoices issued against payments received. There is one debtor that has not paid any of their invoices during the financial year. The finance officer is in the process of arranging a meeting with the debtor to resolve the matter.

There was some allotment income written off at the 2020 year end, this was put to council and minuted.

F. Petty Cash

Petty cash is no longer used.

G. PAYE

Payroll is outsourced to a third party who processes the payroll and provides payroll reports to the council. The council takes responsibility for making payments to employees, HMRC and the pension scheme. Salaries were compared to the approved rates and found to be correct. The town council offers the local government pension scheme to employees and complies with auto enrolment requirements.

It is recommended the RFO log into the Government Gateway account for the council periodically as a double check that the payments due match what is expected. It is also a double check that the payroll provider is properly uploading RTI submissions to HMRC.

H. Asset Register

I will review the asset register after the year end.

I. Bank reconciliations

Bank reconciliations are carried out monthly. I have tested the December bank reconciliations and confirm they agree to the bank statements.

J. Accounting Statements

This will be tested after the year end.

General

In general, the accounting records are well kept and organised. The council's bank balances exceed the £85,000 where they will be covered by FCS if any of the banks should fail. Therefore the council should regularly monitor the banks and be prepared to move money to another account if necessary.

I would like to thank your officers, Mandy Shipp and Nilo Thrikawala, for their assistance in the internal audit review and enclose my invoice for your attention.

Yours sincerely

Diane Malley

Diane Malley MAAT