

Agenda Item 3

FINAL

Internal audit report 2021/22

Visit 4 of 5

SWANAGE TOWN COUNCIL

Date: 19th April 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 remotely on the 8th, 9th and 11th March and on site on the 15th March 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 AGARs, 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. Risk Management (work in progress)
3. Budgetary Control
4. Income (general testing – work in progress)
5. Bank Reconciliation (work in progress)

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	2
Low	1
Info	0
TOTAL	4

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

Darkin Miller ~ Chartered Accountants
2021/22 INTERNAL AUDIT OF SWANAGE 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
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<p>I checked to see that the audit recommendations made in relation to the 2019/20 review of the council's policy documents and compliance with the Transparency Code had been implemented. I found that, due to coronavirus, they had not been. I recommend that the agreed actions are implemented as soon as possible. The original recommendations are noted below at items 3.2 – 3.5:</p>					
3.2 – Implement risk register and policy documents actions from 2019/20 audit	<p><i>I checked to see that there is consistency as between the risk register (which should note policies that need to be updated, or key policies relating to on-going risks faced by the Council), the Council's website (which should contain all policies adopted by the Council), and the Council's freedom of information publication scheme. I found that the list of policies across the three locations was not consistent.</i></p> <p><i>I also noted that the Council does not have a published policy for GDPR, IT Security, Budget Management, Business Continuity or Member training & development.</i></p> <p><i>I recommend that comparison carried out during the testing is used to identify where documents should be included in the risk register or FOI scheme, or published to the Council's website, and that the Council considers whether the named policies should be adopted and/or published. This</i></p>	M	Agree. Preparation of a Policy Register with relevant dates of review will be produced and used as a monitoring tool to ensure compliance	TH1 and management team	March 2023

	<i>will help to ensure that the Council's risk register and policy documents are up to date.</i>				
3.3	<p><i>I found that a number of the policy documents are older (one dates from 2006), and that none contain a note of the review date or policy owner. The inclusion of a review date, and the identification of a policy owner, will help to ensure that the policies remain fit for purpose.</i></p> <p><i>I recommend that a policy control sheet is drawn up (this could be based on the comparison sheet created during the audit) to show the policy name, its purpose (or the risk it is managing), the date of adoption, the review date, and where the policy is published. This will make it easier to ensure that policy updates are carried out in a timely manner, and that all published versions of the policies are updated when changes are made.</i></p>	M	Agree. Preparation of a Policy Register with relevant dates of review will be produced and used as a monitoring tool to ensure compliance	TH1 and management team	March 2023
3.4	<p><i>I also noted that the Council's publications under the Transparency Code are not up to date, with payments lists only published to June 2017, tender and contract information to Q1 2015/16, and no information published in relation to other required items such as information on Council properties.</i></p> <p>The Council's original management response noted that 'the information is published (via agenda papers, minutes and the Dorset Explorer website) [but that it] should be made more readily accessible from the relevant web page'.</p>	H	Although the information is available on the Council's website, it is acknowledged that this should be more readily accessible from a relevant web page.	TH1	September 2023

	<p>The 2021/22 AIAR section of the AGAR has been updated and now includes an internal audit test on compliance with transparency requirements: 'The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.'</p> <p>I recommend that this information is published in a more readily accessible manner in order to ensure compliance with the Transparency Code.</p>				
5.1 – Recode grant refund against expenditure	<p>I checked to see that a sample of income was properly recorded and promptly banked. I found that 114/115 samples were properly recorded, but 1 sample (relating to the refund of a grant repaid to the Council following closure of the grant recipient) had been coded to income. As the refund of expenditure, it should have been coded as negative expenditure against the original nominal code 4056.</p> <p>I recommend that the grant refund is re-coded in order to ensure that its treatment complies with the Practitioner's Guide.</p>	L	Agreed	TH3	March 2022