



FINAL

Internal audit report 2014/15
Visit 1 of 3

SHAFTESBURY TOWN COUNCIL

Date: 22 January 2015

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Introduction

This report contains a note of the audit recommendations made to Shaftesbury Town Council following the carrying out of internal audit testing on site on the 30th October 2014 and 17th November 2014.

The audit work has been carried out in accordance with Appendix 9 of the 'Governance and Accountability for Local Councils: A Practitioners' Guide'.

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 2014/15 (which will be in May or June 2015) will contain the audit opinion and a summary of all findings and recommendations made during the 2014/15 audit year.

The following areas were reviewed during this audit visit:

1. Proper Book-keeping
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	3
Medium	2
Low	2
TOTAL	7

I would like to thank Richard Chapman, Interim Town Clerk, Tracy Moxham, Finance Officer and Clare Commons, Committee Services Officer for their assistance during this audit.

Darkin Miller ~ Chartered Accountants
2014/15 INTERNAL AUDIT OF SHAFTESBURY 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
A.2	<p>During the audit it came to light that Members had requested a notice of motion be put before one of the Committees. The Clerk advised that this was not possible as the Council's Standing Orders require that Notices of Motion be put before Council in the first instance. Members did not react favourably to this confirmation, nor to the Clerk's position that his role is to follow the Council's instructions and ensure it acts legally.</p> <p>It is recommended that Members consider the effect of their governance documents before approving them and that, once the documents are approved, they support the Clerk in his role as guardian of the governance framework.</p>	H	<p>Training has been arranged for all councillors to reiterate roles and responsibilities.</p> <p>Concerns have been raised by some members regarding typographical errors in standing orders. Documents are available as an audit trail on this matter.</p>	Town Clerk	16 th December 2014
3.1	The minutes of the Town Council meeting held on 22 April 2014 contain a note that the public was to be excluded for matters referred to in 2014/57 for reasons of confidentiality. This appears	L	An extra administrative step has been included to proofread documents ahead of issue. The Town Clerk has another check the minute accuracy	Town Clerk	Already underway

	<p>to be a typographical error as the confidential item on the agenda is reference 2014/56.</p> <p>The minutes of the Town Council meeting held on 24 June 2014 record the agreement, adoption and approval of the Annual General Meeting Part 1 – Mayor Making Ceremony of 27 May 2014. The minutes refer to the date of the meeting as 28 May 2014.</p> <p>It is recommended that the accuracy of the minutes be double-checked to ensure that they are correct.</p>				
3.2	<p>Item 10 of the minutes of the Recreation, Open Spaces and Environment Committee meeting of the 6 May 2014 sets out that the Clerk is to proceed with four transfers of land as agreed at Full Council 29 April 2014. The minutes of the meeting of Full Council 29 April 2014 make no reference to any transfers of land.</p> <p>There is a risk that the transfers in question may not have been agreed in accordance with the Council's Constitution and Scheme of Delegation.</p>	H	<p>The resolution was made during confidential session on 29th April 2014.</p> <p>A redacted set of the confidential minutes showing the resolution will be appended to the minute book and signed through resolution and adoption at Council</p>	Town Clerk	January 2015

	It is recommended that the Council ensure that any transfers of land are properly approved and those decisions formally minuted.				
3.3	<p>The minutes of the Human Resources Committee held on 28 March 2014 were resolved as agreed and signed as a correct record at following Committee (19 May 2014). The same minutes were also approved (and adopted) at Full Council (22 April 2014). The same minutes were agreed as an accurate record, adopted and signed at Full Council on 24 June 2014.</p> <p>It is recommended that minutes are reviewed for accuracy and approved at the next meeting of the relevant committee before being adopted by Council in order to reduce duplication of effort.</p>	L	<p>New Standing Orders and Financial Regulations have been adopted to the auditor's recommendation and action plan.</p> <p>It is the Council's wish to review terms of references before March 2015.</p> <p>The confusion arose due to a change of practice by the previous interim clerk.</p>	Town Clerk	<p>Already implemented</p> <p>March 2015</p>
7.1	<p>Small overtime payments were made for two members of staff. One was made on the basis of a worksheet signed by the member of staff and the other was made without a formal claim form. The lack of a formal claim form can increase the risk of claims being made fraudulently or in error.</p> <p>It is recommended that any payments</p>	H	<p>Staff have been informed of the requirement to provide signed overtime sheets. (Staff meeting 24th November 2014)</p>	Town Clerk	<p>Already implemented</p>

	made to staff outside of their monthly salary should be made on the basis of overtime claims which show the additional hours worked, and which are signed by the staff (to certify that the hours were worked for genuine council business) and counter-signed by their line manager (to approve the hours worked).				
7.2	<p>The percentage of pension contributions paid by the Council as employer and one of the members of staff as employee looks low.</p> <p>It is recommended that the pension payments in relation to the member of staff concerned are checked with Dorset County Council to ensure that they are correct.</p>	M	<p>Payroll software has been checked. Employee is on correct pension scheme.</p> <p>DCC to be contacted to double check contributions</p>	Town Clerk	24 th November 2014
7.3	<p>Payments of expenses are made in accordance with expense claims signed by the officer (to self-certify that the supply is for genuine council business) and approved by the Town Clerk.</p> <p>One of the expense claims reviewed was not signed by the member of staff.</p> <p>It is recommended that staff are reminded of the need to sign expense claims before submission.</p>	M	Staff members have all been advised that expense claims are to be signed before submitting (staff meeting 24 th November 2014)	Town Clerk	24 th November 2014