

FARNHAM TOWN COUNCIL

INTERNAL AUDIT 2019-2020

INTERIM REPORT No.1

I visited the Town Council Office on Wednesday 13th November 2019 to commence the Internal Audit process for 2019-2020. During this first visit I reviewed the implementation of recommendations from last year's report and discussed staffing matters.

A second visit was made on 17th January 2020, at which time I checked Budget and Precept procedures and calculations, some Income procedures, some aspects of Risk Management and Website Accessibility. A third visit will be made during the next two months to consider further aspects of Income, Risk Management, Petty Cash, Asset Register and compliance with Financial Regulations. Trusteeship and year-end returns will be considered at a final visit after end of the financial year.

The comments below are in the order of the headings in the Internal Audit section of AGAR.

Recommendations are shown in **bold and underlined**, and any responses received from Council have been added in *italics*.

A. BOOKS OF ACCOUNT

Council continues to use the RIALTAS accounting software specifically designed for Town and Parish Councils. The software has been upgraded and is HMRC compliant.

VAT and Loan matters to be considered.

B. FINANCIAL REGULATIONS

Financial Regulations were revised and adopted in April 2018 and are due for revision in April 2020.

Standing Orders were revised and adopted in January 2019 in line with latest NALC model.

C. RISK MANAGEMENT

A recent burglary at Council's depot has resulted in the theft of most power tools. An insurance claim is pending. Enhanced security is being considered, and the opportunity has been taken to re-equip with all electric items.

Formal inspections of Cemetery sites and Allotment plots are recorded properly, however, although communal areas of allotments are now being inspected regularly, the recording thereof is by defect found, rather than indicating items checked and date of inspection. **A change to "positive" recording rather than just "negative" is required.**

Tree inspection procedures have been revised and are satisfactory.

The external Risk Assessment review has been carried out with overall satisfactory results.

The Council's comprehensive Annual Risk Management Review is to be considered by Council on 23rd January.

An annual review of adequacy of insurance cover under the Zurich 5year policy will be carried out in April.

A comprehensive record and diary system is in place to check Contractors' Public liability insurance cover.

A satisfactory Lone Working policy is in place, although occurrence of this is rare.

Staff are aware that new risk assessments will be required for all sites acquired under devolution arrangements, and that ROSPA training for some staff will be required for newly acquired playgrounds, as well as an annual professional risk assessment.

D. BUDGET & PRECEPT

A comprehensive Budget review and calculation process has been completed with a precept of £1,146,027 recommended to Council for agreement on 23rd January. This equates to a Band D figure of £66.09, an increase of 2.48%.

Use of Reserves, including Earmarked, has been fully considered, as have tariff levels for services supplied. Salary increases from 4/2020 have been taken into account, as have changes in Council Tax base and the cost of administering new sites acquired from WBC.

E. INCOME

Allotment rents have been reviewed for increase with effect from February 2021, with other tariffs to be reviewed in April 2020.

Income procedures handled at Reception are satisfactory.

Other matters to be considered.

F. PETTY CASH

To be considered.

G. PAYROLL –

Payroll is operated externally with appropriate control over input of salaries, extra hours worked, sick pay etc.

A random sample of one month's gross salary figures indicates that staff are paid at correct level for their agreed SCP. Increases and SCP adjustments as at 1 April 2019 have been implemented.

The wording in some older staff contracts may need revision to clarify expectation of within scale increments.

FTC:- This has now been completed. (17/01/2020)

H. ASSETS AND INVESTMENTS

To be considered.

I. BANK RECONCILIATIONS

To be considered.

J. ACCOUNTING STATEMENTS AND YEAR END ACCOUNTS

To be considered.

K. TRUSTEESHIP –

FTC is the Trustee of the Farnham School of Science and Art, known as The South Street Trust.

Separate accounts are maintained, and these are subject to independent examination. Accounts are properly lodged with the Charity Commission, although this year revised format accounts had to be submitted because an increase in income triggered a threshold reporting level.

Members of Council meet annually as Trustees to allocate grants from the income derived from Trust assets. Separate Minutes of meetings are maintained.

OTHER ITEMS

Website Accessibility regulations – an initial accessibility check has been carried out with the website developer, with some aspects fixed, others unable to be fixed.

An Accessibility Statement, as required, is in course of preparation.
Some simplification of steps needed to access, for example, Minutes of meetings could be helpful.

Other matters to be considered.

Paul Hartley
Internal Auditor
21st January 2020