

Interim Internal Audit Report

Name of council:	Desborough Town Council		
Name of Internal Auditor:	Mrs Tina Charteress	Date of report:	12 th February 2019
Year ending:	31 March 2019	Date audit carried out:	8 th February 2019

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the staff and management and not left for internal audit.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Town Council:

Thank you very much for the hospitality shown during my visit to conduct the Interim Internal Audit for Desborough Town Council.

I examined Book Keeping, Due Process, Risk Management, Bank Reconciliations, Internal Control and performed a detailed scan of the minutes up to and including the end of December 2018.

I draw your attention to the following comments:

- I note that there have been some changes in staffing over the last year which have not been shown as decisions resolved in the Town Council's minutes

- The Town Council has never formally appointed a new Clerk and has never formally appointed a Responsible Financial Officer which is has a statutory duty to do in accordance with section 151 of the Local Government Act 1972
- The Council has re-written several of its policies to read in “Plain English”. I was very pleased to see the Council has taken the time to personalise its policies, but I am concerned the Council has missed key information. I give an example of the Financial Regulations which do not show any process for the procurement of tenders; this is a key procedure following the Public Contracts Act 2015. I would advise the Town Council to refer to the generic policies produced by NALC to ensure key pieces of legislation have not been missed and then re-adopt an amended version
- One of my key tests when performing an audit is to check bank reconciliations have been completed and that the figures match both the bank account and the accounts. The Clerk is currently moving to a new finance system and was unable to demonstrate any form of bank reconciliation against the accounts. I understand the bank account is being reconciled against the entries made, but this is not sufficient. On my next visit I will be testing this process again and would expect to see quarterly bank reconciliations as a minimum. I will also be testing VAT against the accounts system, invoices and the VAT refund
- The Town Council is not carrying out any form of Internal Control. It should have appointed an Internal Control Councillor/Councillors who should not be a bank signatory. Had this process been in place the lack of bank reconciliations would have been noted. The Town Council has a duty to perform Internal Controls to ensure risk is appropriately managed, to detect inaccuracies including fraud and to demonstrate measures to ensure the financial transactions of the Council are being properly recorded
- I have advised the Clerk to ensure the Financial Risk Assessments are adopted within the current financial year; this is a statutory requirement and failure to do so will result in a qualification of audit
- Town Councils have no legal powers to hold reserves other than those for reasonable working capital needs or specifically earmarked purposes. If the general reserve carried over to 2019/2020 is significantly higher than the annual Precept, I would expect to see an explanation provided to me at the year-end audit and shown as a resolution on the Town Council’s minutes

I appreciate this has been a year of tremendous change for Desborough Town Council; it is obvious from the minutes. Most of the above items I have raised can be addressed before the year end and I look forward to returning to Desborough Town Council shortly to complete the full Internal Audit.

This report is based on the evidence made available to me. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. Consequently, the report is limited to those matters set out above.

Yours sincerely,



Tina Charteress

Mrs Tina L Charteress CiLCA

Internal Auditor to the Council

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