

Audit Report

Patchway Town Council

Audit Plan Year: 2018/19

Audit Status: Audit Completed

Audit Review Date 7 and 8 March 2019

Report Distribution:

Linda Squire – Town Clerk
Mrs E Martin - Chair

1. Objective

The objective of the audit was to provide an independent opinion on the appropriateness of the financial control procedures operated in the Council. Liz Griffiths (Senior Audit) examined these procedures.

2. Opinion

The highlighted wording in the table below provides the opinion for this internal audit review and its accompanying description.

High Standard	Systems and processes are excellent providing good assurance. Significant strengths have been identified and are to be commended, any recommendations made will serve to further strengthen existing arrangements.
Reliable Standard	There are very few significant matters arising from the audit, systems of control are good and provide reasonable assurance.
Improvements Required	Existing procedures need to be improved in order to ensure that they are fully reliable. Extensive recommendations have been made but the issues are not of such a significance to represent a major risk to the Council.
Significant Improvements Required	Existing procedures are weak and reasonable assurance could not be provided over a number of areas. Prompt action is necessary to improve the situation and avoid unnecessary risks.

3. Background

- **Previous Internal Audit (2017/18)**
 - South Gloucestershire Council internal audit were appointed to conduct a review in 2017/18. The opinion of which was Significant Improvements Required.
- **New Administration Team**
 - The previous Clerk and Deputy Clerk left the Town Council by December 2018. A new Clerk and Responsible Finance Officer (RFO) were employed in January 2019, with a Deputy Clerk in August 2018.
- **2017/18 Internal Audit Action Plan**
 - An extensive 2017/18 Action Plan was presented to the Town Council. This formed part of the audit testing for this current review (Appendix 1).

4. Key Strengths

- An electronic financial accounting system (RBS) has been purchased and is in operation. All 2018/19 financial information has been uploaded to obtain a full years accounting data set.
- There is separation of duties between the Clerk and RFO.
- A new accounting firm has been appointed to support the council through this transition year.
- Controls have been strengthened in regard to the payment of salaries.
- Within a short period of time the new administration have reviewed and identified areas where improvement is required, e.g. VAT, Asset Management and Investment Strategy.

5. Key Risks

- 2017/18 Action Plan: Update March 2019 (Appendix 1)
The table below summarises the completion of the recommendations:

Total Number of Recommendations	Recommendations Implemented	Recommendation Partially Implemented	Recommendations not Implemented
19	8	9	2

- On invoices received it is not fully demonstrated if goods and services have delivered and authorised for payment.
- The council have not recently reviewed their letting fees and agreements are not up to-date with current legislative requirements.
- NatWest bank mandates are out of date. Therefore, former councillors could still have the authority to sign cheques.

6. Key Actions

- The council should continue to address the recommendations reported within the 2017/18 Action plan.
- Bank mandates should be updated after the local elections in May 2019.
- A formal system should be implemented for goods and services received.
- Letting fees and agreements require updating and approval by full council.

All of the matters arising from the audit are detailed in the Action Plan and Appendix 1, together with suitable recommendations.

7. The Control Environment

Key Control Objectives		Achieved?
A.	Appropriate accounting records have been kept properly throughout the year.	Yes
B.	The council’s financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	Partially
C.	The council assessed the significant risks to achieving objectives and reviewed the adequacy of arrangements to manage these.	Partially
D.	The annual precept requirement resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.	Partially
E.	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Partially
F.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Test for Expenses: Partially
G.	Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	Yes

Audit Report: Patchway Town Council

H.	Asset and investment registers were complete and accurate and properly maintained.	Partially
I	Periodic and year-end bank account reconciliations are properly carried out.	Yes
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	N/A – year end
K	Trust funds (including charitable) The council met its responsibilities as a trustee.	N/A

8. Auditors & Acknowledgements

Linda Squire – Town Clerk

Jack Turner – Deputy Town Clerk

Daphne Dunning – Responsible Finance Officer

Audit Manager	Justine Poulton
Auditor/s	Liz Griffiths – Senior Auditor

Audit Report: Patchway Town Council

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer ; Proposed Timescale
Priority: High				
1.1	<p>2017/18 Action Plan (Appendix 1)</p> <p>Not all recommendations reported within the 2017/18 internal audit Action Plan have been implemented.</p>	<p>The council may continue to have areas of high risk. This could lead to ineffective management and control of the Town Council.</p>	<p>The Town Council and Clerk should continue to address the recommendations reported within the 2017/18 Action Plan.</p>	<p>The Town Council Chair The Town Clerk On-Going</p>
1.2	<p>Bank Mandates</p> <p>The NatWest bank mandate (2009) is out of date with previous councillors and Clerk names recorded.</p>	<p>Bank accounts and cheque stationery are not adequately secured.</p>	<p>Once the local elections have been completed and a new council is in place, the RFO should update the bank mandate for all councillors.</p> <p>It is noted that a letter to NatWest has been sent (25/02/2019) to remove the previous Clerk's name.</p>	<p>RFO 31 May 2019</p>
1.3	<p>Reserves</p> <p>The two Cashbook a/c's currently total £392,289. Historically, within the council's accounts, no Reserves or EMRs have been identified.</p>	<p>The council have no oversight of Reserves and have not allocated funds to future projects or contingencies.</p>	<p>The RFO has had initial discussions with the council in regard to reserves and has also developed an Investment Strategy.</p> <p>Once the 2018/19 year-end is finalised, Reserves and EMR will be reviewed and agreed. The RBS system should be updated as required.</p>	<p>RFO 31 July 2019</p>

Audit Report: Patchway Town Council

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer ; Proposed Timescale
Priority: Medium				
2.1	<p>Cheques</p> <ul style="list-style-type: none"> Two cheque numbers were not recorded correctly within the RBS accounting system. Cheque number 12816 (£25.36) was lost in the post. A replacement cheque was sent, however the original cheque value remains within RBS. 	<p>Incorrect records of cheques are posted onto the RBS accounts system. This may lead to inaccurate financial data being reported to the council.</p>	<p>The RFO should ensure that:</p> <ul style="list-style-type: none"> All information recorded within RBS is accurate. When replacement cheques are raised the original cheque amount has been adjusted within RBS. 	<p>RFO 30 April 2019</p>
2.2	<p>Supplier Invoices</p> <p>Supplier invoices tested did not record goods or services that have been received or are authorised for payment.</p>	<p>Purchases are not properly recorded as received or authorised for payment.</p>	<p>The RFO should purchase an invoice stamp (or equivalent) and implement a formal process to confirm goods received and authorisation of payment.</p>	<p>RFO 30 April 2019</p>
2.3	<p>Lettings - Fees</p> <p>The Clerk has stated that the lettings and hire fees have not been considered for some time by the full council.</p>	<p>There is a lack of full council oversight of letting fees. There is a potential loss of income to the council.</p>	<p>The Clerk will be undertaking a review of lettings and fees. This should be completed as soon as possible.</p>	<p>The Town Clerk 30 April 2019</p>
2.4	<p>Lettings</p> <p>Four invoices were tested, of these it was noted:</p> <ul style="list-style-type: none"> Two signed letting agreements were not available (BMX and SONIA). 	<ul style="list-style-type: none"> No evidence that hirers have agreed to the council's Terms and Conditions. The hirers' insurance cover is not sufficient. 	<p>The Town Clerk should ensure:</p> <ul style="list-style-type: none"> All hirers have a current and signed letting agreement. For 	<p>The Town Clerk</p>

Audit Report: Patchway Town Council

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer ; Proposed Timescale
	<ul style="list-style-type: none"> • The different Letting Agreements state £2m as insurance cover, best practice would be £5m. • The Room Booking and Casson Centre forms do not contain a section for a council signature or insurance cover. 	<ul style="list-style-type: none"> • The council has no evidence they have agreed the booking. 	<p>year on year lettings, these should also be reviewed annually.</p> <ul style="list-style-type: none"> • All Letting Agreements contain a minimum of £5m insurance cover for hirers. • All Letting Agreements contain a section for a council signature to confirm the booking. 	<p>31 May 2019</p>
2.5	<p>Patchway Sports and Social Club</p> <p>Within full council minutes 15 January 2019 it records that annual accounts have not been received from the Patchway Sports & Social Club. The accounts are required to set the annual charge of 2% of turnover. The Patchway Sports & Social Club currently pay a quarterly fee, however this is at the 2016/17 rate.</p>	<p>Potential loss of income to the Town Council.</p>	<p>The Clerk should pursue the outstanding Patchway Sports & Social Club annual accounts. A review of the annual turnover should take place to identify any undercharges which should be recouped.</p>	<p>The Town Clerk</p> <p>31 April 2019</p>
2.6	<p>Petty Cash</p> <p>The new Staff Item Expense Form was not fully completed with the required figure checks and authorisation.</p>	<p>Petty cash payments are not properly authorised and controlled.</p>	<p>All staff should accurately complete the new Staff Item Expense Form</p>	<p>The Town Clerk</p> <p>On-going</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.	High Priority Recommendations			
1.1	<p>It is understood that the accounts had been signed off by the Chair of the Council while still incorrect and initially published on the Town Council’s website. There were a large number of discrepancies on the accounts to the extent that the full council had not achieved a collective decision, to date, to sign off the financial statements. The versions signed by the Chair were removed from the website prior to this audit.</p>	<p>Illegalities of signing off and publishing incorrect accounts. Subsequent delays in corrected, accurate accounts being signed off and potential fines for late submission of accounts.</p>	<p>All Councillors should have been fully satisfied that the accounts were correct before signing them off and this should have been a fully unanimous decision.</p> <p>Other Councillors have now reported this matter to the Standards Board.</p> <p>(This links to recommendation 1.3 below as the accounts had also not been legally audited prior to publication.)</p> <p>Management Comment:</p> <p>The Accountant has now responded to the queries and provided satisfactory answers. The Accountant had subsequently made some amendments to the accounts and added some explanatory notes regarding what certain amounts / totals are comprised of.</p>	<p>Patchway Town Council Comments</p> <p>Revised accounts approved 18/9/18 and published on website.</p> <p>AGAR now signed off by external auditors with comments.</p> <p>RFO has undertaken a review of 17/18 and 16/17 figures and is preparing a report to full council.</p> <p>Audit Update</p> <p>Confirmed revised accounts approved 18/9/18 and published on website.</p> <p>Recommendation Implemented.</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.2	<p>Allegations have been made to South Gloucestershire Council Internal Audit Services by Members of the Town Council that the Town Council’s Grounds Staff were undertaking work for other organisations and private gardening while on Town Council time. Timesheets made available during this audit were sparse and were only available for certain months.</p>	<p>Potential fraud / misappropriation of undertaking other paid works while being paid on council time.</p>	<p>A full investigation needs to be held to ascertain the veracity of this complaint with all parties interviewed.</p> <p>The Councillors may wish to seek specialist HR and legal advice to assist them in this process.</p> <p>This has also been reported to the Standards Board.</p>	<p>Patchway Town Council Comments</p> <p>This matter has been referred to South Gloucestershire Council Standards Sub-Committee. The Standards Sub-Committee are responsible for appointing an investigator and receiving the outcome of any councillor code of conduct related matters.</p> <p>It is understood that the Town Council made their own arrangements to review the staff related matters.</p> <p>Audit Update</p> <p>The Standards Sub Committee have responsibility for any councillor code of conduct matters. The Town Council have sought an independent investigation of any non-councillor related matters, audit would recommend that they implement any recommendations arising from reviews undertaken.</p> <p>Recommendation Accepted as Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.3	<p>For Financial Year 2017/18 the Town Council’s Accountant prepared their accounts – updated their cashbook and drew up their year-end accounts and was also appointed as their Internal Auditor.</p> <p>Also, there was no reference to the 2016/17 internal audit in the meeting minutes. There was no evidence of any previous report or recommendations.</p>	<p>Non-compliance with the Chartered Institute of Internal Auditors’ Code of Ethics which states Internal Auditors must be “independent” and “objective”.</p> <p>Non-compliance with FRC, ES1, and para 6: “Auditors shall conduct the audit of the financial statements of an entity with integrity, objectivity and independence.”</p> <p>Internal Auditors should not undertake any operational work for the client for which he or she will then be required to audit.</p>	<p>If the Accountant is to continue to prepare the year end accounts and undertake operational work for the council, he must not also undertake their internal audit.</p> <p>Also, the results / conclusion of each internal audit should be presented to Councillors and this be recorded in the minutes. This is required as part of the annual assurance process for the Annual Governance Statement.</p>	<p>Patchway Town Council Comments</p> <p>The council has appointed SGC as internal auditor and DCK Accounting as accountants to support end of year.</p> <p>RFO appointed.</p> <p>New financial governance regime being implemented.</p> <p>Audit Update</p> <p>2017/18 Internal and External Audit Reports have been presented to full council.</p> <p>Recommendation Implemented.</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.4	<p>There is a query around the July pension payment to Bath and North East Somerset Council. The cashbook gives two amounts for July for the same cheque no. However, the Iris software has only one of these amounts and the cheque book stubs show only the other amount.</p> <p>The actual payments made were more difficult to trace as some of the bank statements were missing.</p>	<p>Staff pensions may be put at risk.</p>	<p>The Clerk needs to resolve the discrepancy with the Avon Pension Fund as soon as possible.</p> <p>It is understood that BANES are also aware of the discrepancy and are in communication with the Town Council.</p> <p>Management Comment:</p> <p>The Accountant is confident this has now been resolved. The previous Deputy Clerk had not updated the annual rates in the Payroll software for employers' contribution. It is understood that this has now been corrected.</p> <p>The missing bank statements have also been reported below. Once these were downloaded the payments actually made were clear. Nevertheless, the discrepancy between what was due and what was actually paid remained at the time of audit.</p>	<p>Patchway Town Council Comments</p> <p>Pension issue resolved.</p> <p>Payroll software updated.</p> <p>Bank statements downloaded monthly and retained in office.</p> <p>Audit Update</p> <p>Pension and Payroll software updated with current data.</p> <p>Recommendation Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.5	<p>Authorisation controls around the electronic payment of salaries are insufficient.</p> <p>At present Member authorisation is not required for BACS transfer of salary payments.</p> <p>Given salaries are a substantial proportion of the monthly budget it is the area of payments there is least control over.</p>	<p>Potential for payments to be amended either deliberately or in error.</p>	<p>As salaries are such a significant amount of the budget in total it is recommended that an additional control is put in place which requires either Member online authorisation before the BACs payments can be made, and / or Member review of the Iris software and payslips, and manual authorisation on hardcopy records, before the BACs payments are run.</p> <p>Ideally, both forms of authorisation could be used, given this is an area which should have the tightest control and it presently does not.</p> <p>The authorisations could be rotated between Members since all are signatories, in the interests of transparency and openness. Two Councillors could check and agree the paperwork for the payments and the Chair of Finance could have overall electronic authorisation to maintain responsibility, while there is shared oversight.</p>	<p>Patchway Town Council Comments</p> <p>New protocol adopted to ensure that at least 2 councillors are in attendance and oversee BACS payments (signing all documents).</p> <p>Bankline being arranged for robust security system and secure on-line payments in line with best practice.</p> <p>Internal controls to be introduced.</p> <p>Audit Update</p> <p>Interim manual system in place and confirmed by audit.</p> <p>Recommendation Partially Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.6	<p>In year bank reconciliations have not been undertaken. Only a reconciliation at year end.</p> <p>Balances in the bank accounts are reported at each monthly Finance Committee meeting.</p> <p>The reporting as it stands does not include un-presented cheques or income received but not yet paid in / not cleared.</p>	<p>Incorrect impression of the amount of funds the council has available.</p>	<p>Monthly bank reconciliations should be prepared and presented to Councillors. Bank Statements should also be made available to support the figures in the bank reconciliation.</p> <p>A full bank reconciliation should include any un-presented cheques and any income received but not yet showing on the Bank Statement in order to give a true picture of monies available. For example, if there are a lot of un-presented large cheques the balances as showing in the bank and in the accounts will differ significantly.</p> <p>Without this information Councillors could be led to believe they have more funds available than they actually do have.</p> <p>Councillors should initial and date that they have seen the full bank reconciliation. Again, this is a task that could be rotated around Councillors in the interests of transparency and openness.</p>	<p>Patchway Town Council Comments</p> <p>Monthly reconciliations presented to council.</p> <p>RFO/Deputy clerk working to produce improved reporting and payment authorisation mechanisms in line with best practice.</p> <p>Once reviewed and agreed, accounts are signed by Chair.</p> <p>Audit Update</p> <p>Audit confirms that monthly bank reconciliations are conducted. This includes a listing of un-presented cheques.</p> <p>Recommendation Partially Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.7	<p>The Town Council uses Excel spreadsheets for its accounting system.</p> <p>Without a proper electronic accounting system important financial reports for Councillors such as: budgeted against actuals, income and expenditure and the balance sheet are far more reliant on manual input and are therefore far more susceptible to human error.</p> <p>Errors were identified in the cash book such as date errors and VAT had not been stated in the cash book for the Christmas lights. This was for a significant amount; in excess of £800.</p>	<p>Greater potential for human error and non- standard financial reports.</p> <p>And indeed, errors have actually occurred which would probably not have done had a proper electronic accounting system been used.</p>	<p>It is recommended that the council invests in a proper electronic financial accounting system.</p> <p>The Clerk should research accounting packages and costs in preparation for presenting to Councillors.</p> <p>The approval for the expenditure should be undertaken by Councillors, quotations obtained, and supplier selection minuted in line with the Town Council’s own Financial Regulations and their scheme of delegation.</p>	<p>Patchway Town Council Comments</p> <p>RBS Omega software used.</p> <p>RFO still undergoing training.</p> <p>Quotes for work/services/products obtained in accordance with FR/SO.</p> <p>Suppliers agreed by council having reviewed quotation and minuted.</p> <p>New reporting process being developed to aid decision making.</p> <p>New RFO is reviewing all income/expenditure records for current year and reviewing VAT claimed for Q 1&2 and will claim Q3&4 before year end based on accurate figures.</p> <p>Accountants appointed for professional advice on VAT.</p> <p>Audit Update</p> <p>RBS accounting software is in operation.</p> <p>Recommendation Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.8	<p>The council’s Risk Assessments have no mention of backing up or recovery plans.</p> <p>It is understood as a back-up the Office Admin takes an external hard drive off site.</p> <p>There is also very little on Lone Working, Staff Safeguarding and Whistleblowing. No separate policies exist in these areas.</p>	<p>Potential for major business interruption in the event of system or network failure.</p>	<p>The Clerk should liaise with their IT Support and Maintenance provider to ensure these areas are properly covered in their service level agreement, and if not, they should be added.</p> <p>The council should agree any changes to their Service Level Agreement.</p> <p>These policies should be developed and approved by Councillors.</p>	<p>Patchway Town Council Comments</p> <p>Payroll and accounts secure and backed up externally.</p> <p>Documents backed up to office-based server.</p> <p>Manual weekly back up to portable hard-drive kept securely offsite.</p> <p>Cloud base system under review to present to new council.</p> <p>All policies under review.</p> <p>Audit Update</p> <p>Financial systems, including back-up, is within the proposed Risk Management strategy. The strategy and register is yet to be embedded within the council.</p> <p>Recommendation Partially Implemented.</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
1.9	<p>No VAT had been reclaimed for 2016/17.</p> <p>The 2016/17 amount was £17,744.</p> <p>The original total for the two years in the accounts was £31,348 – being £17,744 plus £13,604. However, the Temporary Office Worker has managed to find a further £1,378.69 in invoices and receipts that were either originally missing or where VAT had not been accounted for in the cashbook.</p> <p>This now makes a total of £32,726.69 that can be reclaimed across the two years.</p>	<p>Financial loss to the council as they can legitimately reclaim VAT.</p>	<p>The 2016/17 amount should now be reclaimed on a VAT 126 Form along with the revised amount for 2017/18.</p> <p>Management Comment:</p> <p>In communication with the Accountant, the VAT figure has now been revised a third time; which accounts for all payments actually made through the bank (as opposed to invoices / other documentation received, such as statements) and therefore only what can legitimately be reclaimed.</p>	<p>Patchway Town Council Comments</p> <p>VAT reclaimed and received for 16/17 & 17/18.</p> <p>Q1 & 2 18/19 reclaimed. RFO reviewing claims as part of overall accounts review. All VAT will be accurately reclaimed by year end.</p> <p>VAT advice sought.</p> <p>Audit Update</p> <p>VAT 2016/17 and 2017/18 claims have been received and updated within the cashbook.</p> <p>VAT on lettings is being reviewed with the support of the contracted accountant.</p> <p>VAT on all 2018/19 invoices is being reviewed by the RFO.</p> <p>Recommendation Partially Implemented</p>
2.	Medium Priority Recommendations			

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.1	<p>Bank Statements from 29 April 2017 to 29 June 2017, 1 August 2017 to 30 August 2017 and 30 December 2017 to 27 February 2018 were missing at the commencement of the audit.</p>	<p>Not initially possible to conduct full internal audit and verify transactions.</p> <p>Undue criticism of the Town Clerk due to the lack of full records available.</p>	<p>Bank Statements should be promptly reviewed upon receipt and then filed on the Bank Statement file to ensure a complete record is maintained.</p> <p>The Clerk downloaded the missing bank statements which were reviewed by the auditor.</p> <p>No unusual transactions were identified. Payments agreed to Councillor authorisations and cheque book stubs and income agreed to paying in book and electronic notifications.</p> <p>The payments to B&NES all agreed between cash book, cheque book stubs and Statements, except for the July discrepancy.</p>	<p>Patchway Town Council Comments</p> <p>Bank statement downloaded monthly and kept in files.</p> <p>Monthly reconciliation checks.</p> <p>Audit Update</p> <p>Monthly bank statements are down loaded.</p> <p>Recommendation Implemented</p>
2.2	<p>Viewing the minutes, Standing Orders and Financial Regulations are confirmed to be reviewed annually, however, a review date is not inserted on these documents to evidence their review. The only time a new date is entered is when there has been an amendment.</p>	<p>No clear evidence of regular review and confusion could arise as to whether the most recent versions of the documents are in use.</p>	<p>As well as the dates of initial creation, and any editing, the date the documents have last been reviewed and re-approved should also be included on the documents; to evidence that these are current and up to date documents.</p> <p>Following any substantial changes, the documents should be completely re-dated, and all previous dates removed, to avoid any confusion. It is recommended practice to fully review all procedural documents every few years.</p>	<p>Patchway Town Council Comments</p> <p>Review dates on policies.</p> <p>Future annual review protocol being undertaken as part of a review of council procedures.</p> <p>Audit Update</p> <p>The Clerk confirmed a full review of Standing Orders and Financial Regulations is underway.</p> <p>Recommendation Partially Reviewed</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.3	<p>There were no inconsistencies in terms of levels between the two documents, however, the Auditor had to read between both documents to get the £25,000 and the £60,000 limits.</p> <p>Also, the Standing Orders state that orders for the payment of money are to be signed by three Members and the Clerk and the Financial Regulations state that orders for payment are to be signed by two Members and the Clerk.</p>	<p>Confusion could arise as to correct procedures for higher value purchases.</p> <p>In reality audit checks showed the practice to be 3 Members and the Clerk, however, confusion as to the standard could still arise while this discrepancy between the two documents remains.</p>	<p>A way to avoid any potential discrepancies or confusion in relation to purchasing levels is to include levels in only one of the documents for example the Financial Regulations.</p> <p>This should be made consistent across the two documents, and if 3 Members and the Clerk is the standard this should be stated in both.</p>	<p>Patchway Town Council comments</p> <p>Financial Regulations have been updated and approved by council in November 2018.</p> <p>The Clerk is currently reviewing the standing orders to ensure consistency and identify other relevant updates.</p> <p>Audit Update</p> <p>The Clerk is reviewing Standing Orders.</p> <p>Recommendation Partially Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.4	<p>Vehicle tax for one of the Council's vehicles was paid using the previous Deputy Clerk's personal credit card which the Council's own Regulations state is not permitted.</p> <p>The Deputy Clerk incurred a £2.50 card handling fee for which he wasn't reimbursed - only the £240 car tax amount.</p>	<p>Non-compliance with the Town Council's own Regulations.</p> <p>Risks and liabilities around using a member of Staff's own personal credit card on council business.</p> <p>Operational, Reputational and Financial risks.</p>	<p>On no account should Staff be using their own cards to procure goods and services on behalf of the Council.</p> <p>The council should give some consideration to taking out a council credit card for online purchases.</p> <p>This is recommended rather than a debit card as they will get a separate statement purely for credit card purchases which will aid reconciliations and transparency and openness. The account balance could be paid for from their existing current or reserve accounts. As long as the balance is cleared monthly by transfer from one of the other accounts, they should avoid having to pay any bank charges.</p>	<p>Patchway Town Council Comments</p> <p>As part of its review of banking, the council is looking into options for a credit or cash card (as appropriate) with set spending limits. Once approved it will be supported by an agreed protocol for authorisations, although this may be delayed until after elections.</p> <p>For vehicle tax or similar issues, a council cheque will be raised in a timely manner to enable the correct method of payment. A new system of PO numbers has been introduced to support such authorised spending</p> <p>Audit Update</p> <p>A credit card protocol is yet to be agreed.</p> <p>Recommendation not Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.5	The Council’s policy for Financial Risk Management is dated 6 November 2012.	The policy may not be up to date with current regulations and requirements.	<p>The Clerk had partly updated the existing policy by hand, however, the entire document should now be fully reviewed and re-approved by Councillors and then the date of the most recent approval inserted to show it is current. The document should also include the date of when the next review is due.</p> <p>The Clerk could research current best practice in this area, prepare a draft updated policy or paper on the subject, and bring this to the table for discussion and agreement by Councillors.</p>	<p>Patchway Town Council Comments</p> <p>Financial risk management is under review by the Clerk and RFO and a new strategy is being produced for presentation to full council.</p> <p>Audit Update</p> <p>Financial risks are identified within the new Risk Register, however this is yet to be fully embedded within the council.</p> <p>Recommendation Partially Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.6	<p>The council has no overall Health & Safety Schedule.</p> <p>They do have: COSHH information sheets, First Aid information, HSE boards displayed, an Accident book / sheets, plus First Aid kits and all the office team are qualified First Aiders. They are also notified when the fire extinguishers are due for testing.</p> <p>However, there is no overall tabled strategy as to what needs to be done on a daily, weekly, monthly, annual basis from a Health & Safety perspective, and nothing to pull all of the above together in a top-level Health & Safety Statement / Policy.</p>	<p>Important regulatory significant dates could be missed for example statutory electrical inspections and inspections of equipment.</p>	<p>It is recommended that the council develops a top-level Health & Safety Statement / Policy beneath which a Health & Safety Schedule should sit, detailing the tests / checks needing to be undertaken and their frequency.</p> <p>As above the Clerk could research current best practice in this area in line with legislative requirements, prepare a draft policy or paper on the subject, and bring this to the table for discussion and agreement by Councillors.</p>	<p>Patchway Town Council Comments</p> <p>New H&S policy is under review for approval by council.</p> <p>New Health and Safety board on order.</p> <p>Accident reporting book introduced.</p> <p>2 staff trained in first aid and a review of other staff training needs is ongoing.</p> <p>Fire risk assessment being developed.</p> <p>Fire extinguishers fully tested.</p> <p>Review of annual testing needs (PAT etc.) under way.</p> <p>Legionella testing booked.</p> <p>Audit Update</p> <p>The H&S policy is yet to be approved by full council.</p> <p>Recommendation Partially Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.7	The copies of the monthly Financial Reports for the Finance Committee were not signed and dated as seen by the Chair.	No evidence that these reports, or at least in their present format, have been presented to Councillors.	Supporting documentation should be signed by the Chair to confirm the report was as seen at the relevant meeting.	<p>Patchway Town Council Comments</p> <p>Financial information presented to council is being signed at meeting following resolution to agree information.</p> <p>Audit Update</p> <p>Audit reviewed new reports presented to Finance Committee and full council.</p> <p>Recommendation Implemented.</p>
2.8	Three receipts were missing for expenses claims.	<p>Lack of prime documentation to support the veracity of the claim.</p> <p>Non-compliance with HMRC regulations that prime documentation is retained to support expenditure for six years plus current financial year.</p>	Every effort should still be made by the Town Clerk to locate these three missing receipts.	<p>Patchway Town Council Comments</p> <p>Matter of missing receipts resolved, in line with internal audit advice.</p> <p>Receipts are required for payment of all expenses.</p> <p>Audit Update</p> <p>Receipts/invoices were held for all payments tested.</p> <p>Recommendation Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.9	<p>Although the year end accounts report new acquisitions in 2017/18 of fencing work of £11,463 and two spring rockers totalling £2,100, the Auditor could not see these assets added to the Council’s Asset Register.</p> <p>Also, serial numbers have not been entered in the Asset Register for computer equipment.</p> <p>Vehicle Registration No.’s are not entered for all vehicles.</p> <p>There was also no column for disposals - who the items have been written off by, the approval for this, the reason for the disposal and the proceeds from any sale of disposals.</p>	<p>Lack of complete information could cause difficulties in the event of a claim.</p>	<p>All of this information should be entered into the Asset Register / inventory.</p> <p>Internal Audit Services will provide a list of basic requirements for an electronic inventory upon request.</p>	<p>Patchway Town Council Comments</p> <p>A full audit of assets is underway.</p> <p>Audit Update</p> <p>The asset review has identified incorrect values. Values will be re-stated within the accounts. This will have an impact to the insurance policy which will also be reviewed by the RFO.</p> <p>Recommendation Partially Implemented</p>

No.	Matters Arising from Review	Associated Risk	Recommendations & Management Comment (Where Applicable)	08 March 2019 Update
2.10	According to the dates as presented for leases in the year end accounts all but one of the leases have expired.	<p>Reputational risk as these accounts are published.</p> <p>People may ask if they can still use the areas and others may ask why these have not been renewed.</p>	<p>The Auditor consulted with South Gloucestershire Council’s Property Services on the matter, and a Senior Valuer explained that these leases are what is known as ‘held over’ leases where it is not financially viable to take out a brand new lease but rather both parties agree to let the agreement run on even though technically the date for the termination of the lease has passed.</p> <p>The Auditor and Property Services recommend that the Town Council should label the relevant leases in the accounts as ‘holding over’ or ‘rolling over’ rather than ‘expired’ as this may only raise questions with the public when the accounts are published.</p>	<p>Patchway Town Council Comments</p> <p>Asset register is being amended as proposed as part of the asset review</p> <p>Audit Update</p> <p>To be implemented at year-end.</p> <p>Recommendation not Implemented.</p>