JDH Business Services Ltd

Crewe Town Council

Internal Audit 2020/21

Interim Report

The internal audit of Crewe Town Council is carried out by undertaking the following tests as specified in the AGAR Annual Return for Local Councils in England:

* Checking that books of account have been properly kept throughout the year
* Checking a sample of payments to ensure that the Council’s financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
* Reviewing the Council’s risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
* Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council’s reserves are appropriate
* Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
* Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
* Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
* Checking the accuracy of the asset and investments registers
* Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
* Year end testing on the accuracy and completeness of the financial statements
* The council has met its responsibilities as a sole trustee

The interim internal audit provides evidence to support the annual internal audit conclusion in the AGAR Annual Return for larger councils.

**Conclusion**

On the basis of the internal audit work carried out, which was limited to testing above, in our view the council’s system of internal controls **is not** in place, adequate for the purpose intended and effective. The recommendations reported in the action plan overleaf should be implemented.

**J D H Business Services Ltd**

|  | **ISSUE** | **RECOMMENDATION** | **FOLLOW UP** |
| --- | --- | --- | --- |
| **2020/21 year end audit** |
| 1 | Testing of the detailed list of accruals identified that a significant element did not relate to goods and services received by the council in 2020/21 as they were grants that were due to be paid in 2021/22. Therefore, the accounts have been adjusted to remove these invalid accruals and include them instead in earmarked year end reserves.  | *Year end procedures should be improved to ensure accruals included in the council balance sheet are completely and accurately stated.* |  |
| 2 | The risk assessment does not address the risks of supplier (procurement) fraud. | *The risk assessment should be updated to include supplier (procurement) fraud including the adequacy of supplier onboarding controls.* |  |
| 3 | The sole trustee charity accounts provided for review were incorrect as no prior year comparatives had been included, and cash and bank balances in the Statement of Assets and Liabilities were incorrectly stated. In addition, there appears to be doubt as to whether the investments of the charity should be classified as restricted reserves, unrestricted reserves or permanent endowment funds. | *The charity accounts have now been correctly amended. The council should ensure draft charity accounts are thoroughly reviewed before submission to internal audit to ensure they are complete and accurate and include prior year comparatives.**Recurring Issue - charity investment funds: We previously recommended that the council needs to determine whether any of the brought forward Trust funds are Permanent Endowment funds, i.e. funds which cannot be expended due to restriction in the charity governing documents. This recommendation is still outstanding.* |  |
| **2020/21 interim internal audit** |
| 1 | A £20,000 contract was agreed with CVS Cheshire East in February 2020 by the Community Plan Committee but no signed SLA or contract was established for this supply of community development services.  | *A signed SLA or contract should be established for all material contracts.* | NotedSLAs / Contracts will be entered into for any contracts over £3,000 |
| 2 | The cost of services provided by the local council association to support the council substantially exceeded the threshold for securing three quotations in the Financial Regulations (FRs). However, only one quotation was sought for these services which we were informed were considered specialist. The minutes do not record the exemption of the supply from standard procurement requirements of FRs due to the apparent specialist nature of the service. | *When exemptions are relied upon in the Financial Regulations for not securing three quotations for a supply in excess of £3,000, the decision and the exemption relied upon should be clearly recorded in the minutes.* | NotedWhere decisions is taken under exemption these will be clearly recorded in the minutes |
| 3 | In April 2020 smartphones were purchased using the payment card for £239.94. These assets were gifted to a local charity but as they were purchased through a payment card the council would not have been able to authorise the purchase and gift of these assets in advance. The payment card has now been cancelled so this issue should not recur.  | *Internal controls should ensure that the council authorise in advance the purchase and subsequent gifting off assets to local organisations.* | Internal controls have been implemented and Officers advised on the process |
| 4 | Review of the draft updated fixed assets register identified that each of the eleven allotment sites is now included as a cost of £47,272.73 when they were previously recorded as gifted at a nominal value of £1 each.  | *The draft fixed assets register should be reviewed and cross checked to the previous asset register to ensure the cost/value of assets complies with the requirements of the Practitioners Guide for Smaller Councils.* | The fixed asset has been reviewed and amendments made in accordance with the Practitioners Guide |
| 5 | Recurring Issue - Member checks * There was no evidence of an detailed member checks to source documentation of the monthly payroll from April to October
* There is no evidence of member sample checks for online payments with supplier bank accounts from April to October
 | *As part of ongoing probity controls over expenditure, the council should apply member checks to online payments and payroll during the year to satisfy themselves as to the validity of payments, including:** *To provide assurance that the correct suppliers have actually been paid the amounts the council has approved, periodically a nominated councillor should select a small sample of payments from the actioned online payments and agree the online payment bank details to the bank account details of the supplier on the invoice*
* *Supplier fraud prevention controls – A nominated councillor should check bank details for the first payment to a supplier to a signed confirmation letter from the supplier. The same procedure should apply where a supplier has purported to have changed bank accounts (particularly if the request is via email).*
* *Monthly payroll should periodically be agreed on a sample basis back to source documentation such as authorised salary increases, timesheets, employment contracts*

*All the above member checks should be evidenced by a signature and date.*  | Due to COVID-19 restrictions Members checks have not been able to be carried out. When practicably possible once COVID restrictions lift, this will be carried out as a soon as possibleIn the interim, the following actions will also be implemented digitally:-* When payments are sent for authorisation, invoices will be included to enable cross referencing. Two Members will be asked to confirm that they have carried out a random check which will be kept on file alongside the Approvals to Pay. This will be carried out at a minimum of once every calendar month
* The Chair / Vice Chair will be requested to carry out a check of payroll and confirmation of these checks will be included with the payroll information. This will be carried out each quarter
* All new accounts will be checked by the Chair / Vice Chair and confirmation will be kept with the accompanying invoice / payment form

The same process will be followed when face-to-face meetings are able to take place |
| 1 | The accounts closedown for 2019/20 evidenced that general reserves had reduced to £60,983. This was due to significant overspending due to inadequate budgetary control and budget setting. This level of general reserves is materially below the minimum levels recommended by sector guidance of 25% of the precept which equates £219,350 for 2019/20. Earmarked reserves at the closedown were £311,025, giving total reserves of £372,008. We recommended to the RFO that a fundamental review of earmarked reserves should be carried out urgently to release any earmarked reserves that were not required to replenish the general reserves of the council before finalising the accounts for the financial year. This exercise is now complete and combined with the material increases in overall reserves that resulted from adjustment of the errors in the year end accounts in 2.) below, has resulted in a final level of general reserves of £251,990 which is above minimum recommended levels of general reserves. | *A general and earmarked reserves policy allied to robust budgetary control should be implemented.**Each financial year the earmarked reserves of the council should be reviewed to ensure they represent realistic and achievable community schemes and projects* | Implemented  |
| 2 | Accruals were disclosed as £47,110 in the year-end Balance Sheet. Testing of the detailed list of accruals identified that £41119 of the total did not relate to goods and services received by the council in 2019/20. Further investigation of these items identified that they were either earmarked reserves of errors. Therefore, the accounts have been adjusted to remove these invalid accruals which have now reduced to £5991 in the revised balance sheet and as a result total council reserves have increased significantly in the final accounts. | *Errors in year-end accruals is a recurring issue at the council and year end procedures should be improved so that it is not left to the internal auditor annually to identify the multiple errors and corrections to accruals. Training in year end procedures should be provided to finance staff.* | To be followed up at 2020/21 year end internal audit |
| 3 | Debtors in the Balance Sheet totalled £1,180. However, further investigation of the constituents identified that either the income had already been received or was not chargeable:* £240 of the total related to a charity booking which was not actually chargeable so an invoice should not have been raised.
* The remaining £940 of debtors had already been received. In fact, for one organisation £4,000 of income had been received for 6 separate square bookings but only one invoice for £700 had been raised on the sales ledger system.
 | *The £1,180 of debtors in the year-end Balance Sheet have already been received or should not have been invoiced as noted. Therefore, the amount should be cleared from the sales/debtors ledger and Balance Sheet.**The administration of the sales/debtors ledger must be improved as follows:** *Invoices should be raised for all sales*
* *Cash received should be matched against invoices in the ledger*
* *Invoices should not be raised for non-chargeable bookings*
 | The debtors have now been corrected with items already received removed from debtors analysis. |
| 4 | RECURRING ISSUE - duplicate payments The March 2020 superannuation was paid twice resulting in a £2263 debtor at the year end (incorrectly classified within Creditors in the Balance Sheet). | *RECURRING RECOMMENDATION**The council should identify the reason why duplicate payments have been made and implement controls to prevent this occurring again.**Debtors should be included in Current Assets in the Balance Sheet, and not as a negative item in Current Liabilities.* | To be followed up at 2020/21 year end internal audit |
| 5 | Review of council feedback regarding the issues raised previously below confirmed that substantial progress had been made in the final three months of the year to improve internal financial controls. In order to ensure these changes are embedded we will follow up all previous issues in the first interim internal audit of 2020/21. |
| **2019/20 Second Interim Report** |
| 1 | Payment authorisation testing identified the following:* The payment on 19/07/2019 for £1,625 to Ibis Styles for the overnight costs of support/performers and crew delivering the Traction event was not included on a payments schedule for councillor authorisation
* The payment schedule covering the period from 1/4/2019 to 09/04/2019 was only supported by one councillor emailed authorisation. Financial Regulations require two councillor authorisations for payments
 | *Recurring Issue - All payments should be authorised by two councillors as required by the Financial Regulations* | Implemented |
| 2 | The Financial Regulations stipulate a maximum payment card balance of £2k. We reviewed payment card statements and identified that this limit is regularly exceeded and the balance on the payment card at November 30th 2019 was £5,473.42. There is no review carried out as to whether assets purchased on the payment card are owned by the council or donated assets to third parties e.g. £696.76 was paid for a microwave which appeared to be currently located in the YMCA community café. Although payment card expenditure is put to council for approval there is limited member scrutiny of the actual payments, supporting vouchers, and the justification for the payments.   | *The limits set in the Financial Regulations for the payment card should be complied with.**A review of all purchases on the payment card should be carried out to identify assets that are owned by the council and to be included in the fixed assets register.**Councillors should carry out quarterly sample checks of payment card transactions as part of the ongoing internal councillor checks on payments previously recommended.* | Implemented – payment card has now been cancelledNo assets purchased on the payment card are council assets – they have been gifted to community organisationsNot applicable as payment card now cancelled |
| 3 | The procurement regulations of the Financial Regulations require that all payments in excess of £1000 are subject to three quotations and formal tendering where the contract is in excess of £50000. The £1000 quotation limit is relatively low compared to other town councils.* A contract was awarded for self-watering planters which was in excess of the £1000 quotation threshold. Staff confirmed there are only two suppliers of these items in the UK but the minutes do not record the information to support the procurement decision and exemptions in the FRS that were relied upon.
* The payment on 05/06/2019 of £2574.24 to Crime Watch was for a door entry and security system. Three quotations were not secured as the supplier already provides security services to the council but minutes do not record this decision and the exemption in the FRs that was relied upon.
* The contract with the events provider to provide cover due to staff absence has been in place for approximately two months and is in excess of £1000, however, three quotations were not sought. We were informed a supplier was required urgently due to imminent events that required management but the minutes do not record the exemption(s) relied upon in the FRs.

  | *When exemptions are relied upon in the Financial Regulations for not securing three quotations for a supply in excess of £1000, the decision and the exemption relied upon should be clearly recorded in the minutes.**The council should adopt the latest NALC Financial Regulations aligned to council scope and activity and consider reviewing the current £1000 quotation threshold.***NB The scoring matrix used to assess quotations provides a clear audit trail for the procurement process and is good practice. This should be applied to all contracts subject to quotation.** | Recommendation outstanding – see 2020/21 interim internal audit issues.Implemented |
| 4 | The risk assessment is presented to council annually and approved. However, the risk assessment should be updated for the latest risk issues. For instance there is a separate privacy impact assessment identifying privacy risks for the Streetscene Improvement Officer services but this is not linked to the corporate risk assessment. There is no evidence of councillor challenge and scrutiny to ensure all risks and appropriate mitigation actions are identified. We have previously identified issues with the adequacy of insurance cover for cash and a review of the adequacy of insurance cover would be expected to form part of the annual risk assessment process. The Mayors ball generates significant cash receipts but this has not been considered as part of risk assessment with respect to the Money insurance cover. | *We understand a risk assessment sub-committee is being established. This sub-committee would be well placed to manage the annual, and ongoing, risk assessment process, including reviewing the adequacy of insurance cover.**The council should ensure that the Mayors ball cash receipts are adequately insured under the Money cover insurance in the annual policy* | Partly implemented – the risk assessment has been updated and will be approved by full council before the 2020/21 year end. However, the risk and audit sub committee have not met since February 2020 to enable appropriate scrutiny and review of risks and associated mitigating measures. |
| 5 | Expenditure voucher testing identified that the payment on 19/08/2019 for £1456 to Richard Moss solicitors was supported by an email only. VAT cannot be reclaimed on supplies where there is no supporting invoice.   | *Vat invoices should be secured for all supplies* | Implemented |
| **2019/20 First Interim Report** |
| 1 | We understand the current RFO will be leaving the council before the end of the financial year. Although there is a strategic review and recruitment process planned we have not yet seen the evidence to ensure that an RFO will continue to be in place at the council in accordance with the Local Government Act 1982 (s151) from the date the current RFO leaves the council. | *The council should ensure they comply with the requirements of the Local Government Act 1982 (s151) with respect to having a continual RFO function in place.* | Implemented |
| 2 | A fire at a retirement complex in August 2019 has resulted in substantial donations from the local community and organisations. These monies have been received over the ensuing months by the town council and comprise both cash and cheques as we understand that council has agreed to be the responsible financial body to receive the donations.We understand the total donations currently held by the council are approximately £55K and there is a need for the monies to be distributed to claimants, however, there is no agreement in place with any suitable qualified organisation to transfer the monies so they can accurately assess need to distribute the payments appropriately | *The council should identify a suitable local organisation that is qualified to assess housing and other needs to enable a fair and equitable distribution of the donations to applicants. There should be a formal agreement in place before any funds are transferred from the council.* | Implemented |
| 3 | We have reviewed the internal controls applied to the donations received from the local community and organisations and identified the following:* There were no available internal records relating to the initial donations banked from 12 August to 21 August. In addition, the clerk was unable to locate the paying in book relating to these donations on the day of the internal audit visit. The eleven bankings during this period totalled £3140.06.
* There were no formal cash procedures introduced to ensure two staff were always present when cashing up donations ready for banking
* We reviewed bankings to estimate the maximum cash that may have been held at any one time. The Elvis donation (£1800) and Barnies Bingo donation (£1781.90) appear to be the largest cash donations. We understand the cash was kept in a draw rather than in a safe or strongroom and it is not clear whether it was locked overnight. The insurance policy only covers cash at the premises in a locked receptacle rather than a safe or strongroom up to £500 and it is possible the policy provides no money cover if the cash was not locked in a receptacle overnight.

  | *The council need to adopt cash management procedures including ensuring:** *Clear records are maintained of all bankings including the source of the donations*
* *Two staff should always be present when cashing up donations for banking*
* *The cash received should be stored in a safe or strongroom in accordance with the security requirements in the insurance policy for cash up to £5000*
 | Implemented – new cash management procedures have been introduced. |
| 4 | The John McBride Trust The council has taken over administration of The John McBride Trust from Cheshire East Council as the sole trustee of the charity. However, no accounts are being maintained for the charity on an ongoing basis. The clerk noted that a firm in Sandbach had been asked to produce accounts and submissions to the Charity Commission, but this has not been authorised by the Council as the sole trustee. The financial management of the sole trustee charity should normally reside with the council RFO,Review of the bank account, the M&G fund manager documentation and discussion with staff identified only the clerk can access the two Coop bank accounts. In addition, the charity investments have not been transferred correctly to the town council such that they are now in the name of the clerk, the town centre project manager and the council, but the two signatories are the clerk and town centre project manager. The council is not currently complying with the trust deed as no process has yet been agreed whereby income funds are distributed annually in accordance with the deed aims and objectives. As at the date of the internal audit visit, the clerk had not programmed any meetings for the council as sole trustee to make decisions about the governance and accountability of the Trust.  | *The council should ensure the following:** *Meetings are programmed for the council as sole trustee to determine the governance and accountability arrangements for the charity, including how and when income funds will be distributed*
* *The council should allocate the responsibility for the Trust financial management, accounting and year end returns process to the new clerk/RFO when appointed*
* *The Coop bank accounts for the charity need to be transferred to the name of the Trust or the council as the sole trustee, as they currently appear to be in the name of the clerk. Appropriate signatories need to be established for the Trust bank accounts*
* *The council need to act promptly to ensure the Trust investments with M&G are in the Trust name or the council as sole trustee, with appropriate signatories established*
* *We previously recommended that the council needs to determine whether any of the brought forward Trust funds are Permanent Endowment funds, i.e. funds which cannot be expended due to restriction on the charity governing documents. This recommendation is still outstanding.*
 | Implemented except for clarification as to whether the investment holdings are permanent endowment funds. |
| 5 | We previously noted that members do not carry out detailed payroll checks and recommended appropriate checks are put in place. No detailed payroll checks have been carried out by members for the year to date. Notwithstanding the fact there is a scheme of delegation in place to the clerk for aspects of staff payroll we would still expect council to carry out checks on payroll costs.For instance, the clerk emails the payroll agent annually with salary details including payroll increments. This email could be sent to the Chair and the increments checked and agreed with contracts of employment. Scale point increases and annual % increases could be approved in the council minutes.The scheme of delegation relating to payroll specifies the clerks responsibilities regarding staff but the council should still authorise the details of the clerks salary and check the clerk payroll scales to the contract of employment. For instance, the current contract of employment states that the clerk can secure a scale point increase per annum from the original starting scale point up to a maximum of four scale points. However, the clerk has now moved beyond the four scale point range noted in the contract of employment. We also noted from a review of one other staff contract of employment that the current scale point paid is now higher than the scale point in the original contract.  | *As part of the current review of the council being carried out with external support, the council should review the Scheme of Delegation with a view to members assuming direct responsibility for authorising all payroll, including scale point changes and annual % increments. Scale point changes should be approved in the minutes and the payroll agent should be informed of changes to staff pay by the Chair. During the financial year a members should carry out periodic checks of payroll payments to supporting documentation including overtime schedules.**The council should review current contracts of employment to ensure they reflect current employment arrangements.* | Recommendation outstandingImplemented |
| 6 | The council minutes indicate a suite of GDPR compliant policies were adopted earlier in 2019. However, these updated policies have not been published on the council website where the previous out of date policies remain. | *When key policies are adopted by the council they should be published promptly to replace outdated policies on the website.* | Implemented |
| **2018/19 year end audit** |
| 1 | A £663.83 duplicate payment was incorrectly recorded in the year end bank reconciliation as a negative unpresented cheque. Further review of the aged purchase ledger balances identified a further duplicate payment for £782.40.The bank reconciliation was corrected during the year end internal audit and the £663.83 duplicate payment posted to the purchase ledger. | *The council should identify the reason why duplicate payments have been made and implement controls to prevent this occurring again.* | 2019/20 follow up – a further duplicate payment was identified in March 2020 for superannuation )see 2019/20 issues) |
| 2 | The year end creditors/accruals contained a number of errors as a significant number of grants and donations that had been agreed but not paid were included as creditors. Donations should not be accrued. The total of the errors identified was £10396.70 and the required corrections required were made during the year end internal audit | *Donations and grants that have been approved should not be accrued as creditors. Instead these should be carried over as earmarked reserves which are drawn down if and when the grants and donations are paid.* | 2019/20 follow up – further issues regarding accruals were identified in 2019/20 which were material errors- see 20192/20 follow up |
| **2018/19 interim audit** |
| 1 | The payment to Double Take Projections on 08/11/2018 for £13,797.00 was only supported by one email member authorisation. All other sample testing of payments identified that two member authorisation emails were received before the payment was made.  | *Authorisation of all payments should be carried out in accordance with the Financial Regulations* | See 2019/20 issues |
| 2 | Crewe Town Council has taken over administration of The John McBride Trust from Cheshire East Council as the sole trustee of the charity. | *The council will need to identify what element of the charity reserves (if any) are Permanent Endowment funds.* | See 2019/20 issues |
| 3 | There was no confirmation of receipt for the £10000 payment to Crewe YMCA on 25/07/2018.  | *Confirmation of receipt should be secured for all significant grants and donations* | Implemented |
| 4 | The Credit Card payment on 24/10/2018 for £283.00 for hotel accommodation was not supported by a VAT invoice . | *A VAT invoice should be secured for this payment to enable the VAT to be reclaimed.**VAT invoices should be secured for all standard rated supplies* | See 2019/20 payment card issues |
| **2017/18 year end audit** |
| 1 | The year end bank reconciliation contained the following errors:* Grant commitments of £5622 for payments to be made in 2018/19 were included as payments in the 2017/18 unpresented cheque listing
* £3040 of ‘payments’ included in the unpresented cheque listing were actually creditors at the year end
 | *The RBS ledger should be corrected as follows:*

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | *£* | *£* |
|  |  |  |  |
| *Dr* | *Cash and bank* | *8662* |  |
|  |  |  |  |
| *Cr* | *Creditors* |  | *3040* |
|  |  |  |  |
|  | *Grants expenditure* |  | *5622* |

*As the amount committed to these specified grants is £5622 for 2018/19 there could then be a transfer from general reserves to earmarked reserves of £5622.* | Recurring issue re grant commitments included in creditors – see 2018/19 internal audit issues |
| 2 | A review of the detailed budgets identified a contingency of £20k for the events budget, and a £50k contingency budget is included in Finance and resources budgets for 2018/19. Local councils should not include contingency revenue budgets in the annual budget as the general reserves represent the contingency reserves. | *The council should review the budget for 2018/19 and ensure all revenue expenditure budgets relate to specified planned expenditure* | Implemented |
| 3 | Training and travel subsistence is included in staff costs in the annual return, however, these are not actual staff costs as specified by the Practitioners Guide | *Only actual payroll expenditure should be included in staff costs in the annual return* | Implemented |
| 4 | **Payroll**Members do not carry out detailed payroll checks as part of the in-year checks of finance The monthly payroll analysis provided by the payroll is not reconciled to the payroll per the RBS ledger  | *As part of the in-year checks of finance, members should check the monthly analysis from the payroll agent to source documents including timesheets**The monthly payroll analysis provided by the payroll agent should be reconciled in total to the payroll posted to the RBS ledger* | Recommendation Outstanding for the majority of 2019/20 – to be followed up in 2020/21 interim audit.2020/21 follow up - Recommendation Outstanding |
| **2017/18 interim audit** |
| 1 | Crewe Town Council have been approached about the possibility of taking over administration of The John McBride Trust. This charitable trust has been dormant since Cheshire East Council took over the administration from Crewe and Nantwich Borough Council.  | *We have reviewed documentation relating to the charity. The Trust Deed aim is ‘charitable purposes within the borough of Crewe’. The Trust Deed assigns as a Trustee only a local authority (and therefore the members of that authority) which indicates that if the council were to take over the administration of the charity it would do so as Sole Trustee rather than Custodian Trustee of the charity.** *The council should ascertain from the Principal Council legal department whether in fact they would be taking over the charity on a Sole Trustee basis (i.e. only members of the council can be trustees of the charity).*
* *The council will need to ensure the correct disclosures are made in the year end Annual Return for external audit reading the charity, and that all transactions are excluded from the year end council accounts*
* *The council should contact RBS, the accounting system provider, to identify whether the current ledger system can be utilised to maintain the record of charity transactions and balance sheet of whilst also allowing the charity transactions to be excluded from the year end accounts and Annual Return for external audit*
* *Charity Commission annual returns will need to be submitted for the new charity, and a check should be carried out of the Charity Commission website to ensure all required submissions are up to date*
 | The charitable trust is now a sole trustee charity of the town council from April 1st 2018 |
| 2 | There is limited evidence of member checks on financial information such as bank reconciliations and online payments | *The council should apply member checks on key reconciliations and online banking internal controls during the year to satisfy themselves that internal controls are operating effectively, and all transactions are completely and accurately recorded in the accounting ledger including:** *The Chair of Finance should verify monthly bank reconciliations by ensuring they are balanced and agreed to bank statements*
* *To provide assurance that the correct suppliers have actually been paid the amounts the council has approved, each month the Chair of Finance should select a small sample of payments from the actioned online payments and agree the online payment bank details to the bank account details of the supplier on the invoice*
* *Supplier fraud prevention controls - The Chair of Finance should check bank details for the first payment to a supplier to a signed confirmation letter from the supplier. The same procedure should apply where a supplier has purported to have changed bank accounts (particularly if the request is via email).*

*All the above member checks should be evidenced by a signature.*  | Recommendation Outstanding for the majority of 2019/20 – to be followed up in 2020/21 interim audit2020/21 follow up - Recommendation Outstanding |
| 3 | Due to the 2016/17 accounts closedown being in late May 2017 it was not possible to post income invoices to the nominal ledger until after that date. Therefore, invoices had to be manually maintained on WORD with a list of income received until it was possible to post transactions into the 2017/18 nominal ledger | *The council should ask RBS, the accounting system provider, to carry out the year end closedown procedures in early April* | Noted |
| 4 | Data Protection Law will change significantly on May 25th 2018 due to the 2016 EU Directive General Data Protection Regulation (GDPR) taking effect.GDPR replaces the 1998 Data Protection Act and it will impose new obligations on Data Controllers and Data Processors and provides enhanced rights for individuals. Compliance with GDPR could have resource implications for local councils. | *The impact of GDPR on the council should be identified through review of ICO and NALC guidance and the Data Protection policy, risk assessment and internal controls should be updated accordingly.* | Implemented – see GDPR action plan |
|  |  |  |  |