

MUCH WENLOCK TOWN COUNCIL

Internal Audit Plan 2018/2020

Introduction

The Town Council has a statutory responsibility to provide an adequate and effective Internal Audit by engaging an Internal Auditor. The role of the Internal Auditor is to provide an independent review and appraisal of the Council's system of internal control.

Responsibilities

RFO

In pursuance of the LGA 1972 s151 the Town Council must appoint a Responsible Finance Officer (RFO), responsible for the administration of the Council's financial affairs. The RFO must sign the Annual Return (statutory statement of account) to certify that it presents fairly the financial position of the Council at the end of the year to which it relates, and its income and expenditure is consistent with the Council's underlying financial records.

On behalf of the Council, the RFO will:

- ☞ ensure that proper practices are being followed;
- ☞ demonstrate that accounting procedures have been observed throughout the year;
- ☞ ensure that supporting financial records are maintained in accordance with proper practices, and kept up to date.

The Town Council

The Town Council is responsible for:

- ☞ ensuring that proper arrangements are in place to ensure the proper conduct of its financial affairs,
- ☞ monitoring the adequacy and effectiveness of those arrangements in practice.

The Town Council must:

- ☞ prepare its accounts in accordance with its statutory responsibilities;
- ☞ maintain an adequate system of internal audit of its accounting records and control systems;
- ☞ prepare, publish, and provide the auditor with the accounts prepared for each financial year, together with such additional information and explanation as is necessary to provide sufficient evidence that the Council has maintained adequate systems of internal control and internal audit throughout each financial year.

Scope

The scope of internal audit spans the whole range of the Council's activities and includes the review of those controls which are designed to ensure that:

- ☞ the Council's policies are put into practice;
- ☞ the Council's values are met;
- ☞ laws and regulations are complied with;
- ☞ processes are adhered to;
- ☞ financial and other information is accurate and reliable, and
- ☞ human, financial and other resources are managed efficiently and effectively.

Purpose of planning

Significant areas of high risk will be decided upon by the Internal Auditor and the Town Council, and in order to do this the Town Council will:

- ☞ complete an internal self-assessment control questionnaire;
- ☞ examine the Council’s status in respect of the previous year’s external and internal audit reports;
- ☞ carry out a financial analytical review i.e. year-on-year comparison of income and expenditure, and explain the significant variances.

This information will be used by the Auditor to adopt a systematic approach to the audit, compliant with internal auditing standards.

The Town Council should take a risk-based approach to planning in order to:

- ☞ determine its priorities;
- ☞ establish the most cost effective way of achieving its objectives;
- ☞ facilitate direction and control of its work;
- ☞ ensure that attention is devoted to critical aspects of the audit work.

Internal Auditor

The Council must be satisfied that the Internal Auditor is competent to carry out the work. The Internal Auditor does not have to possess any qualifications but should have the following essential competencies:

- ☞ an understanding of basic accounting processes;
- ☞ an understanding of the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of the Council’s management;
- ☞ an awareness of risk management issues;
- ☞ an understanding of accounting requirements;
- ☞ an understanding of the legal framework and powers of local councils.

The Internal Auditor will follow an audit structure which covers all areas of the Town Council’s business as outlined in the Audit Plan.

The time and place of the audit review will be determined by the Internal Auditor and the Town Clerk.

Planned work 2018/2020

Planned work	Month for work
Internal audit review and prepare for external audit	April/May
Internal audit review	November/December
Internal audit review and prepare for external audit	April/May
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Internal audit review and prepare for external audit	April/May
Internal audit review	November/December
Internal audit review and prepare for external audit	April/May
Internal audit review	November/December

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Main areas to be reviewed

- ☞ Finance and administration, including payroll
- ☞ Property management
- ☞ Markets
- ☞ Outdoor amenities
- ☞ Policies
- ☞ Risk management, including passwords, backups and security checks
- ☞ Health and safety
- ☞ Charity accounts

Council staffing

The Town Council currently employs the following:

Role	Department	Location
Town Clerk/RFO	Administration	Corn Exchange
Assistant to the Town Clerk	Administration	Corn Exchange
Assistant to the Town Clerk	Administration	Corn Exchange
Cleaner	Public areas/office	Corn Exchange
Custodian	Visitors/exhibitions	Guildhall
Assistant Custodian (2)	Visitors/exhibitions	Guildhall
Cleaner	Public areas	Guildhall
Handy person	Public areas	Corn Exchange/Guildhall public access, cemetery, The Pound, bus shelters and the Square
Volunteer Town Archivist (2)	Archives	Corn Exchange/Shropshire Archive
Volunteer Curator	Off site	Off site

Governance arrangements

The following reviews will be carried out in order to assure the Town Council of its governance arrangements in terms of its:

- ☞ compliance with guidance issued by the National Audit Office to address areas of weakness;
- ☞ risk management;
- ☞ fraud arrangements;
- ☞ adherence to current legislation, standing orders and agreed procedures.

Regularity

Reviews will be carried out in the following areas to ensure that the Council complies with external rules and regulations, and its own internal policies and procedures:

- ☞ Cemetery
- ☞ Corn Exchange

- ☞ Linden Lodge (in liaison with Balfours)
- ☞ Guildhall
- ☞ The Pound
- ☞ The Cooke Clock
- ☞ Markets
- ☞ Christmas lights
- ☞ Street lights
- ☞ Signage
- ☞ Bus shelters
- ☞ Street furniture
- ☞ Public toilets
- ☞ Gaskell Recreation Ground (in accordance with the Management Agreement between the Town Council and the charity)

For each area the audit will look at:

- ☞ financial management;
- ☞ risk management; including passwords, backups and security;
- ☞ adherence to legislation, Standing Orders, Financial Regulations, the Code of Conduct, and council procedures and internal controls;
- ☞ fraud and corruption risk;
- ☞ match to Council policies and values;
- ☞ effective and efficient management of the Council's resources;
- ☞ personnel/payroll.

Unplanned work

If necessary, work will be varied to include areas where significant weaknesses have been identified such as:

- ☞ investigations;
- ☞ requests from the Council and its committees/sub-committees;
- ☞ additional work required on planned activities.

No contingency for unplanned work has been included in the Plan and each issue will be dealt with as it arises.

Reporting

Reports will be presented to the Town Council after each internal audit and will summarise:

- ☞ the work carried out;
- ☞ any significant findings;
- ☞ agreed actions;
- ☞ recommendations;
- ☞ performance against the Audit Plan.

The audit plan will be kept under continuous review within the context of achieving overall objectives. Should significant amendments be necessary these will be discussed with the Town Clerk and reported to the Town Council at the earliest opportunity.

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AUDIT PLAN

MONTH	MAIN AREA OF REVIEW	SPECIFIC POINT OF REVIEW
April/May 2018	Finance & administration	Charity accounts Grant awards Spending powers Bank reconciliation Income and expenditure Year-end accounts Annual Return Year-end procedures Payroll and payroll procedures
November/ December 2018	Property management Markets Outdoor amenities	Risk management Health and safety Financial management
	Policies Risk management Health and safety Minutes	General review for effectiveness. Adherence to legislation, Standing Orders, internal controls and Council procedures. Password, backup and security checks. Effective and efficient management of the Council's resources. Fraud and corruption risk.
April/May 2019	Finance and administration	Charity accounts Grant awards Spending powers Bank reconciliation Income and expenditure Year-end accounts Annual Return Year-end procedures
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April/May 2020	Finance and administration	Charity accounts Grant awards Spending powers Bank reconciliation Income and expenditure Year-end accounts Annual Return Year-end procedures

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