

---

# **Leigh-On-Sea Town Council**

*Internal Audit Report 2014-15 (Interim)*

---

*Prepared by Mike Patterson*

*Stuart J Pollard*

*Director  
Auditing Solutions Limited*

# **Leigh on Sea Town Council**

## **Internal Audit 2014-15**

### **Summary of Work Undertaken at First Interim Visit on 28<sup>th</sup> October 2014**

#### **Accounting Records and Bank Reconciliations**

- The Council operates Edge accounting software to maintain its accounting records, with five accounts in place, including a deposit with the CCLA Public Sector Fund;
- We have again verified that an appropriate cost centre and nominal ledger structure remains in place;
- We have checked and agreed a sample months' receipts and payments transactions (July 2014) from all bank accounts to the cashbooks; and
- Finally in this area we have checked and agreed the software based bank reconciliations for all accounts as at 31<sup>st</sup> July 2014 to ensure that there are no long-standing, uncleared items or other anomalous entries arising: no such items were identified.

#### **Review of Corporate Governance**

- We noted in the previous year's final audit reports that the Council's extant corporate documentation such as Standing Orders, Financial Regulations, Members' Code of Conduct are subject to on-going review: consequently no further comment is considered necessary in this area at present;
- We have commenced our examination of the minutes of Full Council and the numerous standing Committees, excluding Planning to date in the current financial year to ensure that no issues exist affecting the Council's financial stability either in the short, medium or long-term exist; and
- We are pleased to note the adoption of a formal "Employer's LGPS Discretionary Policy" as required by the 2013 LGPS Regulations.

#### **Review of Expenditure**

- We are pleased to note that sound control continues to be operated over the authorisation and payments of supplier invoices and other similar expenditure;

- We have commenced our testing of payments at this first interim stage, examining a sample of all those items individually in excess of £750 together with a more random sample of every 7<sup>th</sup> entry on every 4<sup>th</sup> page of the year's payment listing generated by the Edge software. Our test sample comprised 25 payments, together with the monthly Non Domestic Rates paid by direct debit and totals just over £54,000 and equates to 57% by value of all non-pay related costs in the period to 30<sup>th</sup> September 2014.
- We noted one payment of £1,124.47 from the Imprest account for purchase of a PC: this account has a maximum limit of £1,000 and, as such, the payment should not have been made from that account; and
- We have ensured that each payment was supported by a relevant invoice; that an authorisation slip had been prepared and signed by two members approving the payment and that VAT had been properly separated and accounted for via the nominal ledger control account for periodic recovery.

*Care should be taken to ensure that the Imprest account is used appropriately and that the approved financial value for transactions is not exceeded: ideally we would also suggest that an appropriate individual transaction limit of say £100 be set and applied to the account. If urgent supplies are likely to be required and /or purchase discount benefits be sought for such purchase, consideration should be given to the acquisition of a corporate debit or credit card, again with appropriate financial limits set and controls put in place.*

## **Assessment and Management of Risk**

- We have previously noted that the risk assessment documentation was revised and approved by the F&GLP Committee in May 2014 and have not considered this area again at present; and
- We note that the Council's insurance cover continues to be provided by Aviva and have examined the current year's policy schedule, noting that both Public and Employer's Liability remains at £10 million, with Fidelity Guarantee cover in place at £300,000 and Loss of Revenue cover at £140,000.

## **Precept Determination and Budgetary Control**

Other than noting from examination of current Council and Committee minutes that sound financial and budget monitoring reports continue to be considered by members of routinely during the year, no further work has been undertaken in this area at present, the first visit being too early for any meaningful variances to be identified or for any considerations of the Precept for 2015-16.

## **Salaries and Wages**

### **In this area, we have:-**

- Ensured that the Council reviews and approves pay scales for staff annually;
- Noted that a Acumen has been engaged to provide a payroll bureau service;
- Agreed the amounts paid to employees by reference to the approved pay scale on the NJC annual schedule of rates payable, examining all those salary payments made in July 2014;
- Ensured that Tax and National Insurance deductions for all employees have been made applying the appropriate PAYE code and NIC Table;
- Checked that the correct superannuation percentage deductions, as significantly amended from 1<sup>st</sup> April 2014 to now include any paid overtime and being based on actual, rather than WTE salaries, are being applied where applicable;
- Checked and agreed the net payments to staff from copy payslips to the cashbooks; and
- Similarly checked and agreed the payment over of deductions for July 2014 to HMRC and Essex County Council from copy payroll reports to cashbooks.