

Interim Internal Audit Report

Recommendations

Town Council Report 17.3.21 – Item 16b

1. Background

The Interim Internal Audit as been conducted and its recommendations together with comments and actions to be taken by Portishead Town Council are set out below.

2. Internal Auditor Recommendations and PTC Actions

	Recommendation	PTC Action (Comment)
1	Present Omega combined Cash & Investment Reconciliation report to Town Council for review/approval	Action: to include this report in addition to the normal monthly schedule of payments for Town Council review and approval.
2	R1 – Bank statements should be signed off at each month-end as evidence of review and agreement to bank reconciliations.	Comment: currently, bank statements are presented signed off quarterly at each Staffing & Financing committee review of the bank reconciliation. Action: in addition we will require the Chairman to sign each monthly bank reconciliation which is presented to Town Council, with sight of the bank statements.
3	R2 – Members should physically review and sign-off individual invoices as evidence of their review and effective discharge of their fiduciary responsibilities.	Comment: During the Covid period physical signature is impractical, so a schedule of invoices for payment (both by manual payment & direct debit) is presented to the Council and Staffing & Finance Chairs to approve by email. Action: to provide an electronic file of copy invoices for all manual payments (not direct debits) with the manual payment schedule and require email confirmation that all invoices have been reviewed and are approved for payment. It is not considered practical or necessary to have invoices physically signed during the period of Covid restrictions provided they are reviewed, and email approval provided.
4	R3 – Effective separation of duties should be implemented between the set-up of online payments and their physical release.	Comment: it was planned to introduce dual authorisation of payments on the Lloyds online banking system but Covid and limited availability of staff in the office has made this difficult. Action: from April 2021 to set up dual authorisation to require two staff (out of the Clerk, RFO or Assistant Clerk) to authorise the release of manual payments

		from the Lloyds system. Thereby ensuring that an additional approval, in addition to the staff member setting up the payment, is obtained to release manual payments.
5	R4 – The over-arching risk register should be presented to Council for formal review and adoption prior to the financial year end.	Comment: The financial and other risk assessment was prepared in July 2020 and presented and approved by the Staffing & Finance committee on 29 July 2020 (Minute SF 600). However, it was not presented to the Full Council. Action: To review & update the financial and other risk assessment and present it to Town Council on 17 March 2021 for review and approval.
6	R5 – The Sales Ledger “Unpaid Debts Report” should be reviewed with all long-standing debts pursued for recovery and the three “unmatched” receipts cleared appropriately	Comment: The sales ledger is reviewed at each month-end and significant efforts have been made to recover outstanding debts. However, March and April of 2020 were affected by cancellations and ‘no-shows’ due to Covid. The unmatched receipts relate to credit balances for bookings that were cancelled due to Covid. Action: The 3 sales ledgers will be reviewed prior to 31 March 2021 and all outstanding balances credited or repaid where bookings did not take place due to Covid.
7	R6 – All income received must, in accordance with the adopted Financial Regulations (Para 9.5) be banked intact. This relates to cash from toilet coin takings being utilised to replenish petty cash.	Comment: Toilet income was correctly accounted with the sale and VAT liability being recorded. A cash book transfer was made to avoid having to visit a bank during Covid to meet a petty cash expense. Provided income is correctly recorded we consider cash book transfers to replenish petty cash is an efficient and appropriate action (to avoid banking and cash withdrawal time and costs). Action: We will look to amend the Financial Regulations to enable cash to be transferred between cash books subject to the income being correctly recorded.

3. Action to be Taken

It is proposed that the Portishead Town Council actions in respect of the Internal Auditor recommendations are accepted and adopted.