

# **WINTERTON TOWN COUNCIL**

## **Action plan**

**THIS PLAN HAS BEEN DRAWN UP AS A RESULT OF  
RECOMMENDATIONS MADE BY THE Internal Auditor**

**In November 2019**

No.	Test	Recommendation	Remedial Action by Council	Deadline for completion	Date Objective achieved	Signed off by Mayor
3	<p>Are payment controls effective and VAT properly accounted for?</p> <p>Has the council recorded s137 expenditure separately and is it within the statutory limit?</p> <p><b><u>URGENT</u></b></p> <p><b><u>IMMEDIATE ACTION TO BE TAKEN</u></b></p>	<p><b>1 The council must pursue the refund of VAT from HMRC for the periods 2016/17 and 2017/18.</b></p> <p><b>2 The reclaim for 2018/19 should be submitted to HMRC without further delay.</b></p> <p><b>3. It is a concern that two invoices from previous years remained unpaid until this was brought to the council's attention as a result of the Public Interest Report. As a result of this the council should closely examine its internal control procedures to ensure that all payments due to be made by the council are paid on time.</b></p>	<p>Clerk to write to HMRC immediately</p> <p><b><u>ACTION CLERK</u></b></p> <p>Clerk to write to HMRC IMMEDIATELY</p> <p><b><u>ACTION CLERK</u></b></p> <p><b><u>Clerk to ensure ALL correspondence from External Auditors is brought to Council's attention upon receipt.</u></b></p> <p><b><u>ACTION CLERK</u></b></p>	<p>29/11/19</p> <p>on going</p> <p>6/12/19</p> <p>Ongoing from 26/11/19</p>		
3	<p><b><u>As above</u></b></p> <p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p><b>1. Invoices, receipts or other documentation should be included in the payments file in support of all payments made by the council.</b></p> <p><b>2. The council should ensure that all VAT incurred is correctly identified in the council's accounting system for reclaim from HMRC.</b></p>	<p>Two councillors to sign all invoices prior to payment. Then action as recommended.</p> <p><b><u>ACTION: NOMINATED COUNCILLORS</u></b></p> <p>Check with software provider and take appropriate action</p> <p><b><u>ACTIONED BY: CLERK</u></b></p>	<p>31/12/19</p> <p>31/01/2020</p>		
3	<p>As above</p> <p><b><u>Minor weakness to be remedied before April 6th 2020</u></b></p>	<p>1. The council may wish to seek competitive quotations for high value contracts, such as the Christmas lights, in accordance with Financial Regulations.</p>	<p>Three quotations to be actively sought for all high value goods and services with immediate effect.</p> <p><b><u>ACTIONED BY: CLERK/CLERICAL ASSISTANT</u></b></p>	<p>Ongoing from 26/11/19</p>		

No.	Test	Recommendation	Remedial Action by Council	Deadline for completion	Date Objective achieved	Signed off by Mayor
3 Cont.	<p>Are payment controls effective and VAT properly accounted for?</p> <p>Has the council recorded s137 expenditure separately and is it within the statutory limit?</p> <p><b><u>Minor weakness to be remedied before April 6th 2020</u></b></p>	<p>2 It should never be assumed that registration for VAT purposes means that all value added tax can be recovered. Owing to the complexity of VAT legislation, it is recommended that advice be sought from HMRC when any new projects are undertaken, significant capital expenditure is being considered or any new matters arise.</p> <p>3. If the council plays recorded music in public it may wish to enquire whether a licence fee is payable to PPS PRS Ltd. Further information can be found at "www.gov.uk/licence-to-play-live-or-recorded-music"</p>	<p>To be placed on March Main Meeting Agenda for verification</p> <p><b><u>ACTIONED BY: CLERK</u></b></p> <p>Check current licence and if required follow recommendation and apply to PPS PRS</p> <p><b><u>ACTIONED BY: CLERK/CLERICAL ASSISTANT</u></b></p>	<p>28/02/20</p> <p>28/02/20</p>		
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate? Are financial controls documented and regularly reviewed?</p> <p>Are financial controls documented and regularly reviewed?</p> <p><b><u>URGENT IMMEDIATE ACTION TO BE TAKEN</u></b></p> <p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p><b>1. The council's current Risk Assessments should be reviewed as a matter of urgency, to ensure all council liabilities are identified and adequately protected.</b></p> <p><b>1 All of the councils Risk Assessments should be reviewed and approved by council annually</b></p> <p><b>2. A summary of any defects reported on the inspection sheets should be maintained and kept under review to ensure that all issues are subsequently dealt with.</b></p> <p><b>3. The council's external hard drive, used for data backup, should be password protected to safeguard the council's interests in the event of loss or theft.</b></p>	<p><b>To be done with immediate effect. And then placed on December Agenda</b></p> <p><b><u>ACTIONED BY: CLERK</u></b></p> <p>To be placed on MAY 2020 main Meeting Agenda</p> <p><b><u>ACTIONED BY: CLERK</u></b></p> <p>To be done with IMMEDIATE effect.</p> <p><b><u>ACTIONED BY: CLERK</u></b></p> <p>IT Consultant booked for wk commencing 25/11/19 to password protect external hard drive. Actioned by DJ Mayor</p> <p><b><u>ACTIONED BY: MAYOR</u></b></p>	<p>10/12/19</p> <p>10/12/19</p> <p>29/11/19</p> <p>21/11/19</p>		

No.	Test	Recommendation	Remedial Action by Council	Deadline for completion	Date Objective achieved	Signed off by Mayor
6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p> <p><b><u>URGENT</u></b> <b><u>IMMEDIATE ACTION TO BE TAKEN</u></b></p>	<p><b>1 The council should identify all charges that it makes and formally review and approve Scales of Charges for all areas of council income. This will provide a council approved basis from which to audit all council income in the future.</b></p> <p><b>2 The audit trail for income from bookings at the Pavilion should be improved to enable both regular and casual bookings to be agreed to the council's approved Scale of Charges, the booking diary, booking forms for casual hire, invoices for regular hire, the council's accounting system and the bank statements.</b></p>	<p><b>Town Council to Review charges at next meeting in December 2019</b></p> <p><b><u>ACTIONED BY: CLERK/P&amp;F COMMITTEE</u></b></p> <p><b>P&amp;F Committee to Review charges at meeting in January 2020</b></p> <p><b><u>ACTIONED BY: CLERK/CLERICAL ASSISTANT</u></b></p>	<p><b>10/12/2019</b></p> <p><b>14/01/2020</b></p>		
6 Cont	<p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p><b>1 The audit trail from the Allotment Register to the income received and subsequently paid into the bank would be improved by cross referencing the Allotment Register to the date on which income has been banked.</b></p> <p><b>2 All Christmas Fayre stalls should be recorded in the council's records for completeness and audit verification purposes.</b></p>	<p>This can be done with immediate effect</p> <p><b><u>ACTIONED BY: CLERK/CLERICAL ASSISTANT</u></b></p> <p>This can be done with immediate effect</p> <p><b><u>ACTIONED BY: CLERK/CLERICAL ASSISTANT</u></b></p>	<p>29/11/19</p> <p>29/11/19</p>		
6 cont	<p><b><u>Minor weakness to be remedied before April 6th 2020</u></b></p>	<p>1 VAT is extremely complex and if the council is in any doubt about the correct VAT treatment in respect of providing goods or services to the public, detailed advice and guidance on the council's specific situation should be sought from HMRC.</p>	<p>Advice and guidance to be sought in January</p> <p><b><u>ACTIONED BY: CLERK</u></b></p>	<p>31/01/20</p>		

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7	<p>Were petty cash payments appropriate and supported by receipts? Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><b>If the council wishes to reinstate the use of the petty cash account at the Co-op Bank it should arrange for the mandate to be changed to permit the current Clerk to access this account and receive future debit cards in her name.</b></p> <p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p>Agenda Item for Council at December meeting</p> <p><b><u>ACTIONED BY CLERK/CLERICAL ASSISTANT</u></b></p>	10/12/2019		
8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p><b><u>URGENT IMMEDIATE ACTION TO BE TAKEN</u></b></p>	<p><input type="checkbox"/> <b>1 As recommended in 2017/18 a summarised record of additional hours worked by the Clerk and all staff should be maintained to provide an audit trail for the verification of the number of hours paid each month.</b></p>	<p><b>Check the use of present system of recording hours worked. Additional control that the summerised record is counter-signed by two designated councillors</b></p> <p><b><u>Actioned by CLERK</u></b></p>	<b>End of November 2019</b>		
8 cont	<p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p> <p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p><input type="checkbox"/> <b>1 As recommended in 2017/18 Contracts of Employment are legally binding contracts and, as such, should be signed and dated by the employee and employer at the commencement of employment.</b></p> <p><input type="checkbox"/> <b>2 The council should consider whether it wishes to pay the difference between the 2017/18 and 2018/19 hourly rates of pay for the Clerk and previous Admin Assistant. Any underpayment in respect of the previous Admin Assistant would need to be adjusted to take account of the 2017/18 overpayments to this officer that have not yet been recovered.</b></p> <p><input type="checkbox"/> <b>3 All staff time sheets should be signed by the employees as a correct record and authorised by the Clerk.</b></p> <p><input type="checkbox"/> <b>4 The Clerk's time sheets should be signed as a correct record and authorised by a nominated member of the council.</b></p>	<p>Check that all Contracts of Employment have been signed by employee and EMPLOYER. Mayor to sign on behalf of Town Council as the Employer.</p> <p><b><u>Actioned by CLERK/CLERICAL ASSISTANT</u></b></p> <p>Payment should be paid, with appropriate adjustments,</p> <p><b>Put on Agenda for December meeting.</b></p> <p><b><u>Action TOWN COUNCIL</u></b></p> <p>Already set up and working with effect from week commencing 25/11/19</p> <p><b><u>ACTIONED BY: CLERK</u></b></p> <p>Already set up and working with effect from week commencing 25/11/19</p> <p><b><u>ACTIONED BY: CLERK/MAYOR</u></b></p>	<p>29/11/2019</p> <p>10/12/2019</p> <p>26/11/19</p> <p>26/11/19</p>		

No.	Test	Recommendation	Remedial Action by Council	Deadline for completion	Date Objective achieved	Signed off by Mayor
9	<p>Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?</p> <p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p><b>1 All assets purchased should be added to the register at the net cost to the council, excluding VAT.</b></p> <p><b>2 The register will require amendment to reflect the cost prices of the assets purchased during the year net of VAT</b></p>	<p>New purchases to be entered correctly forthwith.</p> <p>Amendment to register to be done with immediate effect.</p>	<p>26/11/19</p> <p>10/12/19</p>		
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><b>The bank statements for each of the council's accounts should be presented to council at the same time as the monthly bank reconciliation statements. This will allow for the authorising council members to compare and agree the month end balances and then also sign off the bank statements as being authorised.</b></p> <p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p>Bank Statements contain sensitive personal information regarding individual salaries, therefore 2 nominated councillors will check figures against bank reconciliation and sign off, then present to Main meeting.</p>	<p>10/12/19</p>		
11	<p>Were year-end accounts prepared on the correct accounting basis and supported by adequate working papers and adjustments, transfers, contra entries etc. which are fully explained and justified? Is there an adequate audit trail from underlying records and where appropriate have debtors and creditors have been properly accounted for? Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p> <p><b><u>URGENT</u></b></p> <p><b><u>IMMEDIATE ACTION TO BE TAKEN</u></b></p>	<p><b>1 All agreed Internal Audit recommendations should be implemented during the following year in accordance with the prioritisation of recommendations described on page 4 of this report and the 2019 Governance and Accountability Guide for Local Councils.</b></p> <p><b>2 As recommended in 2017/18 the council should contact RBS, its accounting software supplier, and request them to re-allocate the staff travel cost codes into "Staff costs", box four, for the purpose of the Annual Governance and Accountability Return.</b></p> <p><b>3 The council must ensure that in the future it complies with all statutory requirements in respect of arranging for the completion of an annual Internal Audit, the completion and submission to the External Auditor of an Annual Governance and Accountability Return and the Exercise of Public Rights.</b></p>	<p><b>Steps are now in hand to ensure Clerk and Councillors fully aware of what actions must be taken starting with this action plan and timetable.</b></p> <p><b><u>ACTION CLERK/MAYOR</u></b></p> <p><b>The clerk to take action and contact RBS as soon as possible but before 6th December 2019 and report back to the December main meeting.</b></p> <p><b><u>ACTIONED BY: CLERK</u></b></p> <p><b>Internal Auditor contracted for next five years. Interim meetings for 2019/20 Audit arranged.</b></p> <p><b>Mayor to continue dialogue with External Auditor and request that all future communication regarding the Audit procedure which are sent to the Council via the clerk has the Mayor copied in.</b></p>	<p><b>Ongoing from 29/11/19</b></p> <p><b>By 06/12/19</b></p> <p><b>10/12/19</b></p>		

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11 cont	<p>Were year-end accounts prepared on the correct accounting basis and supported by adequate working papers and adjustments, transfers, contra entries etc. which are fully explained and justified?</p> <p>Is there an adequate audit trail from underlying records and where appropriate have debtors and creditors have been properly accounted for?</p> <p>Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p>	<p><input type="checkbox"/> <b>The figure for fixed assets, in box 9 on the Annual Governance and Accountability Return, as at 31/03/18 should be amended to reflect the revised Asset Register total.</b></p> <p><b>Moderate</b></p> <p><b><u>To be actioned before 6th April 2020</u></b></p>	<p>To be completed in January 2020. BUT ALREADY UNDERWAY.</p> <p><b><u>ACTIONED BY: CLERK</u></b></p>	31/01/20		
14	<p>Are the council's minutes maintained in accordance with legislative requirements?</p> <p><b><u>Moderate To be actioned before 6th April 2020</u></b></p>	<p><input type="checkbox"/> <b>The minutes of the Policy and Finance Committee minutes held on the 11th June 2018 should be signed as a true record, numbered and included in the council's official minutes.</b></p>	<p>Cllr R.Bridge was vice chair of this committee and the only survivor remaining on the present Town Council. He should sign these minutes asap</p> <p><b><u>ACTIONED BY: CLERK/Cllr BRIDGE</u></b></p>	29/11/19		

#### Executive Summary

**Many of the issues highlighted in the above report raise serious concerns regarding the governance arrangements and financial control environment at the council during 2018/19. It is of particular concern that the council did not action the recommendations of the 2017/18 Internal Audit Report, failed to arrange for the Internal Audit of its accounts, did not meet its statutory responsibilities in relation to the submission of an Annual Governance and Accountability Return to the External Auditor and failed to comply with Public Rights Legislation for 2018/19.**

**The audit has identified that the accounts and governance arrangements of the council have been maintained to a less than adequate standard during 2018/19 and the internal financial control environment within the council is below acceptable standards.**

**The council should make urgent arrangements to review the findings of this report, ensure that all of its recommendations are implemented and maintain an ongoing review of its financial control environment and governance arrangements to ensure that the position the council finds itself in is not repeated.**

**The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2019.**

**I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council. A copy of this report should be submitted to the External Auditor together with the Annual Governance and Accountability Return and associated documentation.**

**Richard Dixon**