

INTERNAL AUDITOR'S REPORT TO SELSEY TOWN COUNCIL 2018/19

INTRODUCTION

The Council has responsibility for implementing effective governance arrangements including those to:

- manage risk;
- secure compliance with applicable laws and regulations;
- achieve effective financial management and correct financial reporting;
- prevent and detect fraud and corruption; and
- maintain effective internal audit.

The conduct of the Council's financial affairs is prescribed by its Standing Orders and Financial Regulations. Both are subject to regular scrutiny by Council members and give a clear framework for day-to-day operations. The Clerk is the Responsible Finance Officer and is aided by the Deputy Clerk who administers financial reporting on a day-to-day basis.

The external auditors need the Council to prepare an Annual Return, which includes the Council's statutory financial reporting. If the information recorded satisfies the external auditors their audit will be certified without qualification or query.

INTERNAL AUDIT APPROACH 2018/19

The audit risk rating is 'medium' and is unchanged from 2017/18. It is based on an overall review of the Council's governance arrangements, particularly its financial processes. Given the small number of staff that administer these, a lower risk rating cannot be achieved.

INTERNAL AUDIT FINDINGS 2018/19

Financial reporting

- internal audit testing of a sample of income and expenditure transactions recorded in 2018/19 confirmed they were appropriately recorded in the accounting system and no matters arose;
- the Council has published a list of all payments made in 2018/19 on its website.

Financial health

- as part of its budgeting processes, the Council considers its financial position in-year with the aim of keeping enough funds to meet its plans and a contingency for unplanned expenditure. Based on the work undertaken, there are no matters to report;

Standing Orders and Financial Regulations

- the Council's completed a review was in 2017/18 and it was confirmed they remained appropriate to the Council's needs;

General and financial risk assessments

- documents have been approved by the Council and no matters were identified at audit;

General Data Protection Regulations

- the Council recognised the need to put these in place by 31 May 2018 and has established procedures including retaining the use of a specialist consultant;

Organisational resilience

- as noted at the 2017/18 internal audit, the Deputy Clerk was appointed in December 2017. It is confirmed that this has had a significant impact in securing the Council's organisational resilience.

OTHER MATTERS

Two matters were discussed with the Clerk.

MATTER	COMMENT
The Council completed a significant review of its staffing structure in September 2018 and engaged external consultants to assist. The Council agreed the recommendations in January 2019.	Implementing a revised structure is a significant step for smaller organisations. Assessing operational effectiveness and confirming the costs of the new arrangements should be undertaken on a timely basis.
The Council recognises the need to achieve value-for-money when arranging events but the processes that support decision-making can be developed further.	Promotion of events can secure benefits to Selsey but can create risks to the Council. Formalising a proportionate process assessing the expected community benefits and the financial risks will aid decision-making.



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