



TODMORDEN TOWN COUNCIL

REPORT TO THE EMERGENCY COMMITTEE

REPORT AUTHOR	Colin Hill – Town Clerk and Responsible Financial
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Date	6th May 2020
SUBJECT	Internal Audit Report and appointment of Internal Auditor for 2020/21

PURPOSE:

1. To present to Members the Internal Audit Report for the financial year ending 31st March 2020
2. To present to Members the certified Internal Audit return forming part of the Annual Governance and Accountability Return 2019/20 Part 3.
3. To advise Members that the Internal Auditor has confirmed that internal controls are operating as expected and that there are no matters to give cause for concern.
4. To advise Members that the Internal Auditor has expressed an opinion regarding the interpretation applied under Section 137 of the Local government Act 1972 in respect of Grant payments made in for Education, but helpfully proposed a way forward to regularise this in the future.

BACKGROUND:

5. It is a legal requirement for the Town Council to submit an Annual Governance and Accountability Return Part 3
6. As part of that process, all aspects of the Town Council's business, whether financial or not, are subject to an Internal Audit, where the financial aspects are always considered in depth and sampling of other areas of expected good Governance.
7. The Internal Auditor is appointed by the Town Council and the external Auditor by Central Government.
8. Depending upon the level of Precept and or activity/complexity in delivery of its remit, will determine how the Town Council is regarded in respect of the extent of scrutiny of its affairs.

Todmorden Town Council is now regarded as an intermediate level and warrants therefore two internal audit visits per annum.

9. At intermediate level there is a higher expectation that internal controls, financial systems, policy framework and management of risk will be implemented. In arriving at the conclusion of "effective", the Internal Auditor noted that Governance and Policy documents have recently been updated.
10. The Internal Auditor in sampling transactions and reviewing grant applications, is of the opinion that payment made to two charities in respect of Educational support fall outside of the remit of Sect 137 as they are for the benefit of individuals, as opposed to the area and or some or all of its inhabitants.
11. This can be remedied by either the Town Council adopting the General Order of competence (requiring a Cilca qualified Town Clerk to do so) or make donations under the guise of the Mayors discretionary allowance.

FINANCIAL IMPLICATIONS:

12. There are none directly arising from this report. Costs for their services re in line with budget expectations.

RECOMMENDATION:

13. That Members of the Emergency Committee receive the internal Audit Report and accompanying certification for the financial year ending 31st March 2020
14. That the Emergency Committee Resolve to appoint Yorkshire Internal Audit Services to undertake an interim internal audit in October and undertake the 2020-21-year end internal audit.
15. That in the event of further applications for financial assistance be requested to support individuals, as opposed to the wider area/inhabitants, the comments of the Internal Auditor be taken into consideration.
16. That this report is published on the Town Council web site.

REASON FOR RECOMMENDATION:

17. Any correspondence from Internal Audit must be brought to the attention of Members.
18. Council approval is required to appoint internal auditors.
19. To reduce the risk of challenge of unlawful payment being made.
20. To ensure transparency

SUMMARY OF KEY POINTS:

21. An unqualified Internal Audit report has been achieved.

POLICY IMPLICATIONS:

22. None arising from this report.

DETAILS OF CONSULTATION:

23. None

SUPPORTING PAPERS:

- Appendix 1 - Internal Audit Report
- Appendix 2 - Internal auditor Certified Statement – Annual Internal Audit Report

FURTHER INFORMATION, PLEASE CONTACT: Colin Hill