

**LICHFIELD CITY COUNCIL
INTERNAL AUDIT REPORT
2017-18**

**Graham Keatley
Internal Auditor**

ANNUAL REPORT OF INTERNAL AUDIT 2017-2018

Introduction

The purpose of this report is to:

- Provide the Council with an internal audit opinion of the effectiveness of the systems of financial control, risk management and control arrangements based on the work undertaken during the year
- Summarise internal audit activity
- Raise any particular issues arising from that work

Overall Opinion

Based on the findings of the work undertaken during the year, my overall opinion on the soundness of the system of internal control is that it was adequately controlled. The overall opinion for each review conducted is given in the Appendices. Areas for improvement were identified in a number of reviews and action plans agreed.

Background

The Local Government Accounts and Audit Regulations 2011 require every Authority to maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper internal audit practices.

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to proper, economic, efficient and effective use of resources.

Internal Audit must ensure that all activities of the Council are subject to an internal audit review. The identification of these activities has been agreed with the Town Clerk.

The annual Audit Plan for 2017-2018 was approved by the Audit Committee on the 23 March 2016, and is reproduced for information as **Appendix A**.

The findings of work undertaken and recommendations are at **Appendix B**.

A summary of the recommendations and management response are at **Appendix C**.

The Management and Insurance risk register details are at **Appendix D**.

The Annual Internal Audit Report as required for the Annual Accountability Return for the year ended 31st March 2018, will be completed as the statement of accounts for 2017-2018 is prepared. Details are contained in **Appendix E**.

AUDIT PLAN 2017-2018

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1. FINANCIAL SERVICES

1.1 Fraud and Corruption Checklist

The Anti Fraud and Corruption Checklist Action Plan sets out tasks for the production of clear, written instructions and procedures for all staff on: -

- Cash collection/ handling duties
- Credit income duties
- Order for work, goods and services
- Creditor payments
- Cheque dispatch procedures
- Petty Cash
- Banking duties
- Payroll processing

The financial procedure notes are in place and are being updated.

1.2 Main Accounting System

The purpose of the review to ensure the main Accounting System provides complete and accurate data for the production of budget reports and the publication of the Annual statement of Accounts.

I am pleased to note that there are good controls operating.

1.3 Creditors

The purpose of the review is to look at the ordering, receipt and payment of goods and services; and that the financial regulations have been adhered to and the appropriate controls are in place and in operation.

Payment Terms

With reference to the Government's objective to pay Small Medium Enterprises (SME's) within 30 Days, I have taken a sample of the Council's invoices. 46% (38% 2016/17) have been paid within 10 days and 94% (81% 2016/17) are paid within 30 days from date of receipt of invoice.

Based upon a six-month sample it takes on average an additional 16 days (14 days 2016/17) for the cheques to clear Lichfield City Council's bank account.

I am pleased to note that there are good controls operating.

- That financial regulations have been complied with
- All payments are appropriate and legitimate
- There is adequate documentation

1.4 Sundry Debtors

The purpose of the review is to look at the controls and operations relating to bookings and admissions.

I am pleased to note that there are good controls operating;

- Price increases are agreed by Council
- Price changes are implemented
- There is adequate documentation
- That bad debt is managed, and any write off action required is taken promptly

1.5 Payroll

The purpose of the review was to identify whether there are appropriate controls in place and in operation.

I am pleased to note that there are good controls operating in relation to staffing matters;

- The responsibility is clearly defined in the Council's Financial Regulations
- Personnel records are kept securely
- All payments are appropriate and legitimate

Staffordshire Pension Fund: The Town Clerk has nominated the Internal Auditor to be the Local Government Pension Scheme Regulations Employers' Internal Dispute Resolution Procedure (IDRP) Nominated Contact.

1.6 Management of VAT

The purpose of the review is to identify whether there are appropriate controls in place and in operation and to review the partial exemption calculation.

- To examine the current systems, procedures and controls relating to Vat entries into the financial information system
- To ensure VAT is accounted for and recovered appropriately
- Ensure the VAT return is completed correctly and on time
- That the partial exemption calculation is completed and reviewed

I have reviewed the returns made to HM Revenue and Customs, and the authority's partial exemption calculation, and confirm that the appropriate controls are in place.

The HM Revenue and Customs (HMRC) monthly VAT claim is completed online via the Government Gateway.

I am pleased to note that there are good controls operating.

I note that HRMC is currently reviewing VAT on Market Fees, which are currently exempt from VAT.

1.7 Banking Arrangements

The purpose of the review is to identify whether there are appropriate controls in place and in operation, ensuring all cash collections and banking arrangements are in accordance with Financial Regulations.

I am pleased to report that there are good controls in relation to banking matters.

- Financial Regulations have been adhered to
- All receipts and payments are dealt with promptly
- Adequate separation of duties

1.8 Petty Cash

The purpose of the review is to identify whether the appropriate controls are in place and in operation.

I am pleased to report that there are good controls operating.

- The responsibility is clearly defined in the Council's Financial Regulations
- Receipts obtained for all reimbursements and approved

1.9 Income Monitoring

I have reviewed the income received by the authority and checked that all fees and charges have been reviewed and reported in accordance with financial regulations.

I am pleased to note that all the requirements have been met.

1.10 Budgetary Control

To ensure that the Budget has been approved, monitored and reported in accordance with Financial Regulations and that the level of reserves are at an adequate level to meet the needs of the organisation.

I am pleased to note that the Budget is approved, monitored and controlled in accordance with the Council's Financial Regulations.

1.11 End of year closedown

An important measure of proper financial control and accountability is the timely closure and publication of audited accounts.

I am pleased to report that there are good controls operating.

1.12 Statement of Account

The statutory target for presenting the Annual return to Members for approval is 30 June. The Annual Return for 2016-17 accounts was approved and published by Council on 19 June 2017, and I am pleased to report that the requirements under the Accounts and Audit Regulations for 2016-17 were met.

Section 3 - External auditor's certificate and opinion 2016-17

The external auditor on 27 September 2017 issued an unqualified report and the Notice of conclusion of Audit and right to inspect the annual return was published on 28 September 2017.

Appointment of external auditor.

From 2017/18 the Smaller Authorities Audit Appointments (SAAA) a company appointed by the Department of Communities and Local Government as the 'specified person' to procure and appoint external auditors to smaller authorities, have appointed for the period 2017-2022 MAZERS LLP for Staffordshire.

2. STRATEGIC POLICIES

2.1 The Treasury Management Policy and Strategy Statement for 2017-18

Approved by the Audit Committee on 9 March 2017 and subsequently approved by Council on 24 April 2017.

The purpose of this statement is to establish how the authority will manage its activities in relation to borrowing and investments

Borrowing

The authority has undertaken no borrowing during 2017-18.

2.2 Investment Policy

Investments have been made in accordance with the Investment Strategy.

2016-2017

The Council's average account balance as at 31/03/17 is £1,180,280 and will generate interest of £1,293 based on an average interest rate of 0.11%.

2017-2018

The Council's average account balance as at 30/09/17 is £1,140,000 and will generate estimated interest of £110 for 2017/18 based on the current interest rate of 0.01%.

2.3 Treasury Management Practices (TMP's)

The treasury management practices set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

- TMP 1 - Risk management
- TMP 2 - Best Value and Performance Plan
- TMP 3 - Decision making and analysis
- TMP 4 - Approved instruments, methods and analysis
- TMP 5 - Organisation, clarity and segregation of responsibilities and dealing arrangements
- TMP 6 - Reporting requirements and management information arrangements
- TMP 7 - Budgeting, accounting and audit arrangements
- TMP 8 - Cash and cash flow management
- TMP 9 - Money Laundering
- TMP 10 - Staff training and qualifications
- TMP 11 - Use of external service providers
- TMP 12 - Corporate Governance

The RFO has complied with the TMP's 1 to 12

3. SPECIFIC REVIEW

3.1 Financial Regulations and Procedures

To ensure that Financial Regulations and procedures have been complied with.

I can confirm that finances have been administered in accordance with Financial Regulations and Procedures adopted by the Council.

Repeal of S150(5) of the Local Government Act 1972 (March 2014)

S150(5) says that every cheque or other order for payment of money by a parish or community council shall be signed by two members of the Council.

Every Council that wishes to take advantage of it must put in place effective systems and arrangements compliant with proper practices before it seeks to abandon the two system rule. This effectively means adopting new Financial Regulations, and internal procedures compliant with the guidance.

The overriding requirement resulting from the abolition of S150(5) is that each and every local council seeking to depart from the two signature rule must “Implement and maintain robust controls on expenditure as an integrated part of their overall financial control system”.

NALC has drafted model Financial Regulations which, together with the Council’s Standing Orders, contain the procedures appropriate to comply with the requirements.

The Financial Regulations have been updated
Paragraph 7 - Electronic Payments – Face to face and Telephone
Paragraph 8 - Internet Based Electronic Payments

I have reviewed the retention of Documents and records both paper and electronic held by the Council and recommend that details of the appropriate minimum retention periods for the most important documents for audit and other reasons be published.

However, I have the following recommendation to make;

Recommendation 1

- That the Town Clerk looks at updating of the Financial Regulations in relation to the payment of suppliers by electronic means as soon as possible.
- That the Town Clerk includes an annex to Financial Regulations and Procedure in relation to the retention of Documents and produce procedure notes for the disposal of documents paper/electronically

3.2 Contract Standing Orders

To identify amendments and updates to Contract Standing orders and that they have been complied with.

I can confirm that Contracts have been administered in accordance with Financial Regulations and Procedures adopted by the Council.

3.3 Review of 2016-2017 Internal Audit Recommendation

I confirm that the majority of the recommendations for 2016-2017 have been actioned, and in discussion with the Town Clerk for those recommendations not yet actioned, new completion dates have been agreed. **Appendix C.**

3.4 Capital Works

The purpose of the review is to look at the Contract works during 2017-18, to confirm that the Financial Regulations have been adhered to and the appropriate controls are in place and in operation.

I can confirm that the contract works have been administered in accordance with Financial Regulations and Procedures adopted by the Council and that there are good controls operating.

3.5 The Local Government Transparency Code 2015

The Government's transparency agenda encourages local authorities to make public data openly available.

It defines Local Authority as "a parish council which has gross annual income or expenditure (whichever is the higher) exceeding £200,000".

Information to be published:

Quarterly (published no later than one month after the quarter date)

- Expenditure exceeding £500
- Government procurement card (not applicable to LCC)
- Procurement Information

Annually

- Local Authority Land
- Social Housing Assets (not applicable to LCC)
- Grants to voluntary, community and social enterprise organisations
- Trade union facilities (not applicable to LCC)
- Parking Account (not applicable to LCC)
- Parking Spaces (not applicable to LCC)
- Senior Salary
- Constitution
- Pay Multiples
- Fraud (not applicable to LCC - relates to Social Housing and Council Tax Reduction Scheme)

The Council adopted the Code of Recommended Practice for Local Authorities on 17 October 2011.

The purpose of this review is to ensure that the Transparency agenda has been actioned.

I can confirm that requirements of The Local Government Transparency code have been met. However, I have the following recommendation to make;

Recommendation 2

- That the Building and Open Spaces details be updated to reflect all Listed Building Property and assets details
- The Town Clerk notify Historic England to amend the List Entry name for Donegal House (Tourist Information Centre) and attached Railings to - Donegal House and attached Railing
- That the Organisational chart be updated to reflected the changes at Dr Johnson Birthplace

3.6 Insurances

The Council's risk register identifies that the Council's business is protected against loss, damage or claims made upon it.

The Council has a combined insurance policy with Zurich Municipal for buildings and property, public and employer's liability.

The Council has an insurance Policy with Ecclesiastical Insurance for The Samuel Johnson Museum.

The Town Clerk reviews the Insurance Risk Register **Appendix D** and the Insurance policy in March of each year and arranges for additional cover as circumstances arise.

I can confirm that that appropriate insurance cover for identified risks is in place.

3.7 Code of Conduct and Disclosure of Interest

Members

The Localism Act 2011 contains provisions which replace the previous standards framework established under the Local Government Act 2000. These provisions are contained in section 26-37 and Schedule 4 of the Act and took effect from 1 July 2012. The new provisions apply to both members and co-opted members of parish councils. The changes affect members of principal councils too, but with some slight differences in application as compared to parishes.

The Town Clerk submitted a detailed report to Council 25th June 2012.

At Council on 25 June 2012 it was resolved that with effect from 1 July 2012 the Council adopt until further notice, the code of conduct as contained in Appendix 2 to the minutes, and that the Town Clerk arrange a training session for members on the new Code.

I can confirm that the Code of Conduct and disclosure of interest for members is included on Lichfield City Council's Web site.

3.8 The Samuel Johnson Birthplace Museum

The following Museum Policy Documents have been adopted by Council, 3 April 2017:

- The Museum Forward Plan 2011-2020
- Access Policy Statement

The Council approved the following policies 20 April 2015

- Environmental Policy Statement
- Collections Documentation Policy
- Collections Care and Conservation Policy
- Collections Development Policy

Dr Johnson's Birthplace Trust, Charity number: 500046

The Charity Commission Online Return for the period 1 April 2016 to 31 March 2017 has been submitted.

I can confirm that the Council met its responsibilities as trustee.

3.9 Policy and Procedure Documentation –Employees

I confirm that the following Booklets and leaflets have been issued to all employees:

- Health and Safety at Work Act Policy
- Risk Assessment Form – Building Condition / Specific Activities
- Disciplinary Procedure (**updated 23/10/17**)
- Employment Equality (Age) Regulations 2006
- Equal Opportunities Policy Statement (**updated 23/10/17**)
- Grievance Procedure (**updated 23/10/17**)
- Internet and email guidance
- Prevention of Money Laundering
- Review of Data Protection Arrangements
- Whistle Blowing Policy & Fraud Investigation Manual
- Child Protection Policy & Procedure
- CCTV Code of Practice
- Complaints Procedure
- Maternity Policy (**updated 23/10/17**)
- Electronic Payment Terminals – Operating Procedures

The Town Clerk has engaged Keelys LLP to provide an Employment Health check Plan which includes a review of current policies.

The Town Clerk has engaged Terrain Health and Safety Consultants to provide Health & Safety services including risk assessments' of City Council Building's and working practices.

Employees to be notified of updates of policies.

I note that there is no Short Term or Long Term Sickness policy and a code of conduct for employees

No significant issues have been identified in this area of my review.

However, I have the following recommendation to make;

Recommendation 3

- That the Town Clerk produce a sickness policy.
- That the Town Clerk produce a code of conduct for employees.

3.10 Review of Corporate Governance

The objective of this review is to ensure that the Council has robust corporate governance documentation and procedures in place and that Council meetings are conducted in accordance with adopted Standing Orders and that no actions of a potential unlawful nature have been or are being considered for implementation.

No significant issues have been identified in this area of my review.

Recommendation 4

- I would Recommend that the Town Clerk circulate The Department for Communities and Local Government - The Good Councillors' Guide to Finance and Transparency

3.11 Further Developments

I note the following items reported Council:

- Repair and Renovation Programme 2017/18 (Council 24/04/17)
- Land South of Wordsworth Close, Lichfield(Council 23/10/17)
- Neighbourhood Plan for Lichfield City (Council 29/01/18)
- Payment of Regular Service provision by Direct Debit(Council 29/01/18)
- Market and Market Square Hire-Legislative Arrangement (Council 29/01/18)
- Site of the former Dovehouse Fields Allotments (Council 29/01/18)

Future Developments to be reported;

- Impact of General Data Protection Regulations

3.12 Other Activities during the year

I have completed a detailed review of the following;

2017-0 Electronic Payments and Card Machine Provision

The Council Agreed (on 31 November 2015) to receive electronic payments.

I have reviewed the recording and reconciliation of payments received to date and I am pleased to note there are good controls operating.

2017-1 Street Lighting Service

I have completed a detailed review of the E-On highway lighting and maintenance charges. I produced a database of charges from 2008/09 to date. No issues have been identified in this area of my review.

2017-2 Grounds Maintenance Service

I have completed a detailed breakdown of the Service Level Agreement (SLA) and works instructions with Lichfield District Council from 2011 to date and confirm that all payments are made in accordance with financial regulations and standing orders.

2017-3 Official Orders

I have reviewed the raising of Official Orders. No significant issues have been identified in this area of my review.

2017-4 Section 137 Payments

I have reviewed Grant Aid Funding. I can confirm that the total grants awarded were paid in accordance with the Council minutes and the total paid is well within the Local Government Act 1972 - section 137 limits.

2017-5 Guildhall Bar Charges

I am pleased to note that there are good controls operating in relation to the raising of invoices and the payment of commission. The annual commission received in 2016-17 was £233.

2017-6 Markets Miscellaneous Income

I have reviewed the miscellaneous income relating to the Market Square and can confirm they have been raised in accordance with Council's approved charges policy.

2017-7 PRS Licence

I have reviewed the PRS for Music Returns and the recharges to Lichfield Arts and can confirm they have been raised and paid in accordance with agreed terms and conditions of the PRS for Music Licence.

2017-8 Johnson Birthplace Museum Third Party Payments

I have reviewed the receipts and payments made in relation to book sales at the Johnson Birthplace Museum for 2016-17 generated £1,308 in commission and I am pleased to note there are good controls operating.

2017-9 Energy Provision

I have reviewed the energy supplier's invoices from 2015 to date and I am pleased to note there are good controls operating.

2017-10 Business Rates

I have reviewed the impact of business rates revaluation from 01/04/17. The Rateable value for Lichfield City Council properties have increase by £2,200(3%) resulting in an increase in business rates of £883.91(2.9%) for 2017/18 and confirm that all payments are made in accordance with financial regulations and standing orders.

2017-11 Telephone Services

I have reviewed the telephone charges from 2015 to date and confirm that all payments are made in accordance with financial regulations and standing orders.

Recommendation

- See 2016-17 (5) Internal Audit Recommendation

2017-12 Water Charges

I have Analysed water charges from 2014 to date and confirm that all payments were made in accordance with Financial Regulations and Standing Orders.

2017-13 Photocopier Service

I have reviewed the photocopier agreement with RICOH from 2014/15 and confirm that all payments are made in accordance with Financial Regulations and Standing Orders, and that the new five-year agreement has resulted in annual savings of approximately £1,127.

2017-14 Market Stall Erection and Skip Hire

Market Stall Erection Contract - I have produced a database of charges from 2012 to date.

The contract was put out to tender (see Council report 28 November 2016) and this has resulted in an increase of £2,751 in the contract value. I can confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

Market Skip Hire - I have reviewed the hire charges from 2011/12 to date; The Contract was reviewed by the Town Clerk and further quotes were received and subsequently the contract was reassigned producing estimated annual savings of £6,600.

I can confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

2017-15 Glass Collection

-Bottle Bank Collection Services

I have reviewed the Glass Recycling returns to SCC and the Recycling Credit payments to the Mayor and Sheriff's Charity this amounted to £589.26 for 2016-17 and confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

-Guildhall Glass Collection

I have reviewed the Wheelie Bin Glass collection service provided by Weir waste Services for the Guildhall this currently cost the authority £770 per annum the majority of the glass relates to Lichfield Arts Functions, I confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

However, I have the following recommendation to make;

Recommendation 5

- That the Town Clerk look at the current arrangement for the disposal of Glass at the Guildhall

2017-16 Payroll Expenses

The purpose of the review was to identify whether there are appropriate controls in place and their operation. Procedures are in accordance with legislation and the Council's agreed policy. Expenditure on staffing is processed and recorded/monitored correctly.

I am pleased to note there are good controls operating.

Exemptions and Dispensations - expenses covered by an exemption, business travel, phone bills, business entertainment, uniform and tools for work.

To qualify for an exemption-

- Paying a flat rate to your employee as part of their earnings-this must be **either a benchmark rate or a special (bespoke) rate approved by HRMC**

- Paying back the employee, actual costs
Evidence is required if actual costs are paid.

I am pleased to note there are good controls operating.

2016-17 Christ Church Interment Fees

I have completed a detailed breakdown of the Interment Fees and maintenance costs. I can confirm that the Interment Fees received are in accordance with the Agreement.

2017-18 Market Income

I have Reviewed Market Income for 2016-17 we receive £138,540 in rent income and I am pleased to note there are good controls operating.

2017-19 Budget /Precept Process

I have reviewed the budget /precept process for 2017/18 and I am pleased to note there are good controls operating.

2017-20 Capital Works

I have reviewed individual Capital Contracts against the budget for 2017/18 and I am pleased to note there are good controls operating.

2017-21 Election Expenses 2016

Lichfield City Council has received details of the 2016 election expenses for the by-election at Chadsmead Ward. The cost of the by-election was £1.46 per electorate compared to the 2015 Parish Council election cost of £1.49 per electorate, and I confirm that all payments are made in accordance with financial regulations and standing orders.

2017-22 Donegal House Rental Agreements

I have Reviewed Lease Agreements, we are currently receiving £18,740 per annum in rental income, and I am pleased to note there are good controls operating.

The Council on 12/03/13 recommended Lichfield Arts commencing 17/12/12 pay a contribution of £3,500 towards the operating costs of Donegal House the charge to be deducted from the grant paid to the Lichfield Arts

This was an interim arrangement subject to the renting of the upper floors. This has been successful, therefore a formalise lease and rental agreement should be arranged.

I have the following recommendation to make;

Recommendation 6

- That the Town Clerk arrange to formalise lease/License agreement in relation to Lichfield Arts use of Donegal House.

2017-23 Land Registry

I have reviewed the Land Register schedules and I have established that there is detailed registration of LCC assets Some areas are subject to some legal issues being resolved However, I have the following recommendation to make;

Recommendation 7

- That the Town Clerk reviews the Registration details and complete areas that are still outstanding.
- That the Town Clerk arrange for land registry Files to be scanned

2016-2017 Internal Audit Recommendation Summaries

No	Details	Management Response	Timescale
1	Policy and Procedure Documentation – Employees ➤ That the procedure documentation for the management and use of the card machines be published	Agreed	Completed February 2017
2	Official Orders ➤ That the Town Clerk ensure that confirmation orders have an estimated value of the works/services provided and that the originating Officers' initials are recorded on the order raised.	Agreed	Immediate
3	Guildhall Bar Charges ➤ That the Town Clerk to review the Bar Charges Commission	Agreed	By September 2017 extended to March 2018
4	Energy Provision ➤ That the Town Clerk arranges for monthly readings of all energy meters to be made and actual readings are notified to energy suppliers on monthly/quarterly basis	Agreed	Immediate
5	Telephone Services ➤ That the Town Clerk looks at the British Telecom Broadband charges as it currently includes £60.00 annual Payment charge.	Agreed	As part of the Electronic Payments Review by 30/06/17 extended to March 2018
6	Water Charges ➤ That the Town Clerk arranges for water meter readings to be taken as a minimum each quarter.	Agreed	Immediate
7	Market Stall Erection and Skip Hire ➤ That the Town Clerk reviews the Market Skip Hire Service.	Agreed	By 31/03/17 Completed August 2017
8	Payroll Expenses ➤ That the Town Clerk reviews payments made for employees/Councillor's clothing expenses	Agreed	By May 2017 Completed May 2017

2017-2018 Internal Audit Recommendation Summaries

No	Details	Management Response	Timescale
1	Financial Regulations and Procedures <ul style="list-style-type: none"> ➤ That the Town Clerk looks at updating of the Financial Regulations in relation to the payment of suppliers by electronic means as soon as possible. ➤ That the Town Clerk includes an annex to Financial Regulations and Procedure in relation to the retention of Documents and produce procedure notes for the disposal of documents paper/electronically 	Agreed	To be completed by -March 2019 -March 2018
2	Transparency <ul style="list-style-type: none"> ➤ That the Building and Open Spaces details be updated to reflect all listed building property and asset details ➤ The Town Clerk notifies Historic England to amend the List Entry name from Donegal House (Tourist Information Centre), attached Railings to Donegal House, and attached Railings. ➤ That the Organisational chart be updated to reflected the changes at Dr Johnson Birthplace. 	Agreed	To be completed by March 2018
3	Policy and Procedure Documentation – Employees <ul style="list-style-type: none"> ➤ That the Town Clerk produces a sickness policy ➤ That the Town Clerk produce a code of conduct for employees 	Agreed	To be completed September 2018
4	Review of Corporate Governance <ul style="list-style-type: none"> ➤ I would Recommend that the Town Clerk circulate The Department for Communities and Local Government-The Good Councillors' Guide to Finance and Transparency 	Agreed	To be completed by March 2018
5	Glass Collection- Guildhall Glass Collection <ul style="list-style-type: none"> ➤ That the Town Clerk look at the current arrangement for the disposal of Glass at the Guildhall, 	Agreed	To be completed by March 2018
6	Donegal House Rental Agreements <ul style="list-style-type: none"> ➤ That the Town Clerk arranges to formalise lease/License agreement in relation to Lichfield Arts use of Donegal House. 	Agreed	To be completed by March 2018
7	Land Registry <ul style="list-style-type: none"> ➤ That the Town Clerk reviews the Land Registration details and complete the areas that are still outstanding. ➤ That the Town Clerk arrange for land registry Files to be scanned 	Agreed	To be completed by March 2019

APPENDIX D

INSURANCE RISK REGISTER

Category	Area of activity	Risks	Likely frequency	Severity	Review frequency	Triggers for action
Elected Members	Policy decisions Resource allocation Political agenda and priorities Probity Professional Conduct	Injury Assault Fraud, dishonesty and corruption Defamation Breach of confidentiality Libel and slander	Low	Medium	Annually	Per incident
Employees	Professional Advice Professional judgements Financial management Contract management Project planning/management Lack of skills, experience and relevant competency Inappropriate or insufficient training	Liability claims for physical injury Defamation Professional indemnity Fraud, dishonesty and corruption HSE prosecution Breach of Data Protection	Low	Medium	Annually	Per incident Internal Audit work plan
The General Public	Affected by: All services-directly provided All services-commissioned and contracted out Joint and partnership arrangements All premises maintained, managed or occupied	Complaints Legal challenge Ombudsman investigation Liability claims for physical injury Liability claims for damage to property	Low	Medium	Annually	Per incident
Planning	Management information relating to service provision and future needs	Service not resourced and/or fully provided	Low	High	Annually	Budget Reports Estimates
Project Management	All major schemes	Poor value for money Bad professional advice	low	Medium	Per scheme	Per Scheme
Management of Information held	Policies and codes of practices for record systems Information security and data protection Employee records and training	Defence of criminal, civil and employment tribunal actions Judicial challenge Challenge under Human Rights Act	Low	Low	Annually	Per incident Internal Audit work plan
Reputation	Provision of services	Failure to recruit high calibre staff Loss of public confidence	Low	High	Annually	Vacancy Per incident
Business continuity planning	Provision of services	Failure to deliver services	Low	High	Annually	Per incident Internal Audit work plan

MANAGEMENT RISK REGISTER

The Council is required under Regulation 4 of the Accounts and Audit Regulations 2011 to ensure that the financial management and accounting control systems of the Council are adequate and effective, and that the Council has a system of Internal Control which facilitates the effective exercise of the Council's functions and which includes risk management arrangements. In carrying out this requirement, there are roles for Members and Officers of the Council who will draw information and guidance from legislation and the work done by independent bodies such as the Internal Auditors and financial auditors.

Activity	Identified Risk	Assessment and Action	Notes
Financial	To ensure that the Council maintains responsibility for the finances of the Council and that the procedures to be followed are set out for everyone to understand. That ongoing checks of the Council's financial dealings are carried out and reported to the Council	The Council has in place Financial Regulations and procedure notes that detail the controls and procedures to be followed and responsibilities. These are aimed to secure efficient and prudent control of the Council's finances. Financial reports are presented for consideration by Council and/or the Audit Committee.	The Council on 24 June 2014 Adopted a local Government Pension Scheme-Employer Discretions Policy
Financial	That core activities of the Council are given precedence in allocation of the Council's financial and human resources.	The Council will give due regard to the Strategic Plan objectives when determining priorities for allocation of resources.	
Financial	That the Council's finances are sufficient to enable it to continue providing its identified priority services	Regular reports are submitted to Council comparing actual expenditure to date to budget. Budgets are set with due regard to previous expenditure levels, inflationary pressures, and foreseeable variations in service levels, costs and other factors. There is also a general reserve in place for unexpected and unbudgeted expenditure so as to allow the Council to continue to operate.	
Financial	That the Council is run efficiently and effectively	In addition to internal management checks, there are annual financial and systems audits carried out by the Council's internal auditor through the agreed Internal Audit programme. There is an annual external audit carried out by the Council's auditors.	
Financial	To protect the Council against theft from an officer or former officer of the Council	The Council has fidelity insurance. The Council has an approved anti-fraud and corruption checklist.	The Anti Fraud and Corruption Strategy, Whistle blowing Policy and Fraud Investigation Manual also Money Laundering Policy including the Bribery Act 2010 have been approved by Council March 2012, updated March 2017
Financial	The loss of computerised financial records and other records	The Council has an approved back-up and security strategy for its computer systems and records.	

Activity	Identified Risk	Assessment and Action	Notes
Financial	That the Council's business is protected against loss, damage or claims made upon it.	The Council has a combined insurance policy with Zurich Municipal for buildings and property, public and employer's liability.	
Health and Safety	Failure to comply with Health and Safety legislation	The Council has a comprehensive Health and Safety Risk Assessment for its activities and premises.	The Health and Safety at work Policy July 2012 have been circulated to all employees
Central Administration	The Council has in place sufficient qualified and/or experienced staff to operate and manage its activities and structures are in place to protect the operations against the loss of a key member of staff	The Town Clerk (RFO) is supported by a Deputy Clerk to deputise in his absence and a separate Internal Auditor (who formerly undertook the Council's Treasurer function). Other key administrative staff have assigned duties, but are multi-skilled and there is considerable shared knowledge of roles to ensure the continuation of operations in the event of one person being unavailable to carry out their duties. There are a team of Premises Attendants employed to ensure the smooth operation of the Guildhall. Written procedure notes are available for key duties, and premises manuals are largely complete. The Staffing Committee undertakes an annual review of the staffing establishment available to service the Council's functions.	The Council on 22 April 2013 adopted three new procedures based on National Association of Local Councils (NALC) models -Disciplinary Procedures (updated 23/10/17) -Grievance Procedure (updated 23/10/17) - Complaints Procedure The new procedures have been circulated to all employees
Central Administration	How would operations continue following the loss of premises due to a major incident?	Emergency office accommodation can be provided in Guildhall rooms.	
Markets Operation	Interruption/cancellation of Markets activities	If the Market Square was unavailable alternative arrangements could be made to operate in the streets (as happened during Market Square repaving works.) Net income from the Markets activities could reduce significantly before it affected the overall financial position of the Council.	
Room Hire at Guildhall	Interruption/cancellation of room hire through loss of building by fire etc	The building and contents are insured against loss. Loss of the Guildhall would not in itself affect the ability of the Council to function. No business interruption insurance is held as the income lost from Guildhall hire would be sufficiently mitigated by reduced operating costs.	
Community Centres	Loss of properties through fire etc. Failure/disbandment of management committees.	The building and contents are insured against loss. Temporary closure during reconstruction of the Community Centres would not in itself affect the ability of the Council to function. The Council has sufficient experience from operating Guildhall to temporarily take over running of the Community Centres should a	Council 30/11/15 agreed to take on the temporary, day to day management of Boley Hall.

Activity	Identified Risk	Assessment and Action	Notes
		management committee cease to function (as evidenced at Boley Hall).	
Grounds maintenance	The contractor goes into liquidation, or tender price on contract rises significantly.	Current contract is with Lichfield District Operational Services (District Council's DSO) the Council has entered into an ongoing Service Level Agreement.	A revised Service Level Agreement 1 April 2017 was approved by Council 31/01/17.
Land	Loss of land, or public open space, through encroachment, adverse possession etc	Boundaries of areas known, recorded and inspected.	Registration of land holdings is substantially completed and ongoing. Some areas are subject to some legal issues being resolved
Twinning	Interruption/cancellation of Twinning activities	Twinning activities are a non-essential activity.	
Johnson Birthplace	Loss of properties through fire etc.	The building and contents are insured against loss. Temporary closure during reconstruction would not affect the ability of the Council to function.	
Legal	Litigation against Council	Council has Public Liability and Employer's liability insurance. Control measures in place to reduce likelihood of successful claims	

ANNUAL INTERNAL AUDIT REPORT 2017/18

The Smaller Authority's Internal Audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation **during** the financial year ended 31 March 2018.

Internal Audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the Internal Audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the Internal Audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the smaller authority.

		Agreed		
		Yes	No	Not Covered
A	Appropriate accounting records have been properly kept throughout the financial year.	√		
B	This smaller authority met its financial regulations payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	√		
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	√		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored and reserves were appropriate.	√		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	√		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	√		
G	Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	√		
H	Assets and investments registers were complete and accurate and properly maintained.	√		
I	Periodic and year-end bank account reconciliations were properly carried out.	√		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	√		
K	Trust funds (including Charitable) - The Council met its responsibilities as a trustee	√		

For any other risk area identified by the council (list any other risk areas below or on separate sheets if needed) adequate controls existed:
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