

# SALISBURY CITY COUNCIL

## Report

**Subject** : First Interim Internal Audit Report  
**Committee** : Full Council  
**Date** : 18 January 2021  
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### 1. Report Summary

- 1.1. This report introduces the First Interim Internal Audit report, its findings and recommendations, and the management actions undertaken to mitigate the risks identified as a result of this interim audit.
- 1.2. This interim audit focussed on the governance, policies and financial procedures of the Council, and testing was undertaken in respect of:
- Accounting system and financial reporting
  - Financial Regulations and Standing Orders
  - Risk assessments and insurance
  - Budgeting process
  - Salaries
  - Fixed asset register
  - Annual charges

### 2. Background

- 2.1. The Council's Internal Audit is governed by the Financial Regulations and Internal Financial Controls (the Regulations), under section 2, which requires the Council to have, under clause 2.4, "an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices".
- 2.2. The Council's Internal Auditor is Mulberry & Co, appointed in 2017. Relevant clauses within the Regulations, which govern the appointment of an auditor and the requirements of that auditor, are provided under clauses 2.5 to 2.7.

### 3. Interim Internal Audit Report

- 3.1. The full Interim internal Audit report is attached at **Appendix A**.
- 3.2. In summary, the report found that:
- the council operates in a professional manner that is open and transparent;
  - the systems and internal procedure are well established and followed;
  - the inherent risk of error or misstatement is low and the controls can be relied upon
- 3.3. The report further found that "the council takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures {the Council} have in place are fit for purpose and indeed are a model of good practice".

3.4. The audit scope addressed each of the internal control objectives as stated in the Governance Statement of the AGAR. The audit found that the Council has satisfied the requirements of the control objectives in respect of:

- Books of account
- Financial regulations, governance and payments
- Risk management and insurance
- Budget, precept and reserves
- Income
- Petty cash
- Payroll
- Assets and investments
- Bank and cash
- Year end accounts

#### **4. Internal Audit Recommendations**

4.1. Only one recommendation has been made, falling under the heading risk management and insurance, that “the council perhaps consider documenting its internal processes in the event of loss of a key member of staff”.

4.2. The Council already has numerous procedural documents in place, which facilitate the Council in mitigating the risk of loss of procedural knowledge arising from the incapacitation of an officer. However, management proposes a review and general oversight of procedural documents, to be undertaken over the next 18 months, to ensure that such documents remain current and reflect up to date procedures.

#### **5. Recommendations**

5.1 It is recommended that Full Council note the First Interim Internal Audit review, its findings and recommendation, and the management action in respect of this recommendation.

#### **5. Background Papers**

Appendix A