

# SALISBURY CITY COUNCIL

## Report

**Subject:** Internal Auditor's interim report 2023  
**Committee:** Full Council  
**Date:** 4 March 2024  
**Author:** Steve Bishop, Responsible Finance Officer

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### 1. Report Summary

- 1.1. In accordance with good practice, the Accounts and Audit Regulations and the Council's own financial regulations an independent internal auditor annually reviews its internal control arrangements and activities.
- 1.2. The internal auditor carried out an interim audit last year and submitted his findings in a report dated December 2023, which is presented to Full Council for consideration. The RFO and other officers provide a commentary purely to aid councillors' understanding of any progress made in addressing the findings.

### 2. Policy Considerations

- 2.1. Financial Regulation 2.10 requires the RFO to submit audit reports to the next meeting of Full Council. This report discharges that responsibility.

### 3. Background Information:

#### The interim audit report

- 3.1. The internal auditor's full interim audit report is appended to the agenda for councillors to read. There are many positive findings and conclusions in the report, where the auditor has confirmed his satisfaction with the effectiveness of specific internal financial controls.
- 3.2. For the sake of brevity, all the auditor's concerns and findings of weakness in the Council's internal financial controls are summarised in the table below, together with commentary by officers on progress made to date.

## Adverse audit findings and concerns

Area	Audit concerns	Officer & comments
<b>Books of Account</b>	It was noted that a body of filing needs to be completed and I recommend this is undertaken before the task becomes too large.	RFO: This filing has been completed and the finance team keeps up to date on its filing.
<b>General Power of Competence (GPC)</b>	The Council has now lost the GPC and will NOT be able to commence any new projects that fall outside the normal powers and duties of a smaller authority. If the new permanent clerk is CiLCA qualified the council MUST reaffirm its eligibility in the first meeting after their appointment.	CEO: In contact with SLCC (The Society of Local Council Clerks) to ascertain the best route to qualification, noting the CEO'S local government experience and master's level qualifications.
<b>Council agendas</b>	I noted that councillors are "Required" to attend. Councillors MUST be "Summoned".	CSM: All future agendas will be amended to state that Councillors MUST be "Summoned."
<b>Standing Orders</b>	It is noted the website copy is out of date and needs updating.	CSM: This will be amended by the Corporate Services Team.
<b>Bank reconciliations</b>	I recommend the requirement of the regulation is reviewed and day to day practice is updated.	RFO: The last bank reconciliation to be completed was for April 2023. I will complete monthly bank reconciliations for the whole year by the End of April 2024.
<b>Risk registers</b>	I recommend a detailed financial risk register is produced.	RFO: I will complete a detailed financial risk register during 2024/25 when risk registers are next reviewed.
<b>Earmarked reserves</b>	I recommend a summary table to monitor and record the movement on reserves produced for the year end and forms part of the regular budget monitoring.	RFO: I will complete this table by the end of April 2024 as part of the year-end closedown process and include it in budget monitoring reports.
<b>Petty cash</b>	The last reconciliation was October 2023. I recommend this is brought up to date for the year end.	RFO: The finance team complete this monthly, and it will be up to date at year-end too.
<b>PAYROLL</b>	I have reviewed the HMRC Gateway account and unfortunately the information showing as submitted to	RFO: The finance team has rectified these discrepancies and

	<p>HMRC does NOT agree to the payroll records provided. In addition to this, it was noted that there was an instance of an underpayment and also a credit being carried from month 1 to date. This indicates the physical payment of tax to HMRC does not match the payroll records. This needs to be reconciled &amp; corrected before the year end. As a result of this discrepancy to third party evidence, it is not possible to rely on the financial elements of the wages within the accounts at this time and this assertion has not been met.</p>	<p>the Council's tax account is back up to date.</p>
<p><b>Fixed</b></p>	<p>FR 14.4 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified annually.</p> <p>The council has a fixed asset register which includes details of asset location, cost or proxy cost and replacement values. The register includes columns for additions and deletions during the year to make changes easier to track. However, they have not been populated this year and there is evidence from the cashbook that fixed assets have been purchased during the year.</p> <p>In terms of a working document for facilities management – this document falls short of containing sufficient information.</p>	<p>ESM &amp; RFO: The Council has purchased a new online asset register system that provides much greater functionality than our previous register and will meet all requirements of the operational staff, finance staff and the auditor. The register is currently being populated to bring it up to date and complete. This exercise is due to be completed by the end of March 2025 (subject to resource availability)</p>

Key

CEO – Chief Executive Officer (Asa Thorpe)

CSM – Acting Corporate Services Manager – Maternity Cover (Thomas Simpkins)

ESM – Environmental Services Manager (Marc Read)

RFO – Responsible Finance Officer (Steve Bishop)

## **5 Recommendation:**

- 5.1 The Council notes the completion of an interim audit and considers the audit findings.

## **6 Background Papers:**

None.

## **7 Implications:**

- 7.1 . **Financial:** As shown in this report
- 7.2 . **Legal:** Nil in relation to this report
- 7.3 . **Personnel:** Nil in relation to this report
- 7.4 . **Environmental Impact:** Nil in relation to this report
- 7.5 . **Equalities Impact Statement:** Nil in relation to this report