

**A REPORT OF THE TOWN CLERK TO
A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL**

to be held remotely via Zoom on Thursday 19 November 2020 at 6.00 pm

REVIEW OF EVENTS BUDGET FOR 2021/22

1. Purpose of Report

1.1. For review.

2. Recommendation

2.1. Committee is asked to review the Events Budget for 2021/22 taking into consideration the underspend from this year's events schedule.

3. Background

3.1. At the Audit Committee meeting held in August 2020, a work plan for 2020/21 was agreed. As part of this, committee wished to review the Council's Events Budget, taking into consideration the underspend from this year's events schedule.

3.2. A table has been included at Appendix A detailing the original events budget for 2020/21 alongside the anticipated expenditure.

3.3. Committee members will note that all events for the current year have had to be cancelled and expenditure relates largely to Christmas lights and to plants and consumables for Malvern in Bloom planting.

3.4. Full Council agreed in August that a full events calendar should go ahead for 2021/22, but with the effects of the Covid-19 pandemic expecting to last well into next year, this will be under constant review.

4. Financial Implications

4.1. The Events budget for 2020/21 was set at £45,000. Actual expenditure will be much lower than this at an anticipated £21,325.

5. Legal Implications

5.1. Malvern Town Council has a duty of care to its staff, suppliers, councillors, volunteers and members of the public. All events must be fully risk-assessed to ensure that any risks are minimised.

5.2. The Town Council must comply with government guidelines and restrictions relating to coronavirus at all times.

End

Linda Blake
Town Clerk

Event	Budget 2020/21	Anticipated expenditure 2020/21
Bands in the Park	£7,000	Nil
Alternative Bands in the Park	£2,500	Nil
Town Crier	£300	Nil
Mayor's Bonanza	£3,500	Nil
Christmas Lights Switch On	£4,500	£2,500 to include new Christmas tree and lights in Malvern Link
Christmas Window	£75	£500
Remembrance	£500	£50
Christmas Lights	£13,075	£13,075
Malvern in Bloom	£7,000	£5,200
Chairman's Charity Walk	£2,000	Nil
Rosebank Gardens Health & Wellbeing	£900	Nil
Armed Forces Day	£3,000	Nil
Other miscellaneous	£650	Nil

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REVIEW OF PURCHASE ORDER CONTROL SYSTEM

1. Purpose of Report

1.1. For review.

2. Recommendation

2.1. Committee is asked to consider and review the current purchase order system and its controls and to make any recommendations it considers necessary.

3. Background

3.1. Town Council Officers operate a purchase order system in order to record and monitor purchases, to carry out checks on invoices and as a visible audit trail for transactions. A copy of this system is attached at appendix A to this report.

3.2. The purchase order control system was last reviewed in October 2018. It is good practice for financial procedures and controls to be reviewed by Audit Committee and therefore members are asked to consider the system in place, ask questions of Officers and to make suggestions for changes as necessary.

4. Financial Implications

4.1. The Council has budgeted expenditure of approximately £820,000 in 2020/21. It is important that this is managed and controlled effectively and efficiently.

5. Legal Implications

5.1. The Accounts and Audit Regulations 2015 5(1) state that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.

5.2. The Town Council is asked to certify as part of its Annual Governance Statement that an adequate system of internal controls was maintained, including measures to prevent and detect fraud and corruption and that the Council has reviewed the effectiveness of these controls.

End

Linda Blake
Town Clerk

PURCHASE ORDER PROCEDURES

Malvern Town Council runs a system of purchase orders as a record of items ordered. This is used as part of the control systems to subsequently check and approve invoices as received.

- When any item is ordered, it should be entered onto the Council's purchase order spreadsheet along with a supplier name, details and price. A purchase order number is also allocated as a reference. This spreadsheet can be accessed and updated by all members of the administration team.
- The Finance Officer regularly checks the purchase order spreadsheet and uses it to produce individual purchase orders on the SAGE accounting package.
- An individual purchase order is created for each order of £50 and above. These purchase orders are printed, signed by two officers (usually the Operations Manager and Town Clerk), sent to the supplier if necessary and then filed ready for use as part of the invoice authorisation process. An example of a purchase order is included.
- The excel purchase order spreadsheet is then updated with a colour coding to show that the order has been completed.
- The SAGE accounting system allows purchase orders to be updated, so that officers can see where invoices have been received and when they have been processed.

A REVIEW OF THE SYSTEM

Positives

- The allocation of purchase orders allows staff to track orders and give references to suppliers.
- Many suppliers will not issue goods or services without a purchase order.
- Purchase orders give an easily visible audit trail which allows a purchase to be monitored from the point of placing an order, through processing of the invoice to final payment.
- Purchases of £50 and above need to be signed off by two members of staff which provides segregation of duties and a budget monitoring method.
- The fact that staff are asked to obtain a cost to put against a purchase order number, allows the Finance Officer to check invoices against quoted prices and to eliminate mistakes.
- SAGE has a function which allows purchase orders to be converted into purchase invoices which can be a time-saving tool for officers.
- Purchase orders are used as proof of invoice authorisation for audit purposes and are available for inspection by payment signatories and the Internal Auditor.
- The issue of purchase orders can be used to track and monitor expenditure and as a safeguard against unauthorised expenditure.

Negatives

- It is not always possible to get a price or accurate price at the time that an order is placed, eg for repairs to machinery. This can delay the production of a purchase order and sometimes means that it is not completed until after the invoice has been received.
- Sometimes staff forget to obtain purchase orders which again means that the purchase order may not be completed and signed until after the invoice has been received.

MALVERN TOWN COUNCIL
CONFIRMATION OF ORDER

Malvern Town Council
28-30 Belle Vue Terrace
Malvern
Worcestershire
WR14 4PZ



VAT Reg 787 1049 05

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E W Commercial Publications
99 Barnards Green Road
Malvern
Worcestershire
WR14 3LT

Purchase Order 8782

Date 27/10/2020

I am pleased to confirm Malvern Town Council's Order for	Net Price	VAT	Total Price
Printing of 10,000 copies of the Autumn/Winter Newsletter	350.00	0.00	350.00

Any queries with regard to this order, please contact Deborah Powell, Administration / Finance Officer on 01684 566667 or dpowell@malvern-tc.org.uk. Please forward your invoice for the attention of the Finance Department

Charles Porter.....
Operations Manager

Linda Blake.....
Town Clerk

Total Net	350.00
Total VAT	0.00
Order Total	350.00

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**REVIEW OF INTERNAL CONTROLS IN
PROCESSING INVOICES FOR PAYMENT**

1. Purpose of Report

1.1. For review.

2. Recommendation

2.1. Committee is asked to consider and review the current internal controls in processing invoices for payment and to make any recommendations it considers necessary.

3. Background

3.1. The Town Council has a system of internal controls for processing purchase invoices which ensures a segregation of duties in invoice approval.

3.2. An invoice authorisation and processing cover sheet as illustrated at Appendix A to this report is attached to each invoice.

3.3. The cover sheet details the supplier, invoice number and date as well as the detail of the goods or services received.

3.4. The invoice authorisation and processing cover sheet also allows the invoice to be checked against the purchase order price and for order fulfilment to be confirmed either by way of a delivery note or by the Officer responsible for the goods/service signing to confirm satisfactory delivery.

3.5. The invoice authorisation and processing sheet is completed by the Finance Officer who conducts the appropriate checks in 3.4 above.

3.6. Overall approval for payment must be given by the Town Clerk who signs the appropriate box before any invoice can be entered onto the accounting package.

3.7. Committee members will note that there are a number of internal control checks and segregation of duties before any one invoice can be entered onto SAGE for payment.

3.8. Further details can be supplied at the meeting if required.

4. Financial Implications

4.1. None specifically pertaining to this report.

5. Legal Implications

5.1. The Accounts and Audit Regulations 2015 state that 'a relevant authority' must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance procedures.

5.2. A relevant authority must also review the effectiveness of the Council's system of internal controls when preparing its Annual Governance Statement.

End

Linda Blake
Town Clerk

MALVERN TOWN COUNCIL

INVOICE AUTHORISATION & PROCESSING

Purchase Invoice Register Number	
Processed on SAGE	

Supplier detail	Name	
Invoice No.		Invoice date
Details of goods and / or services received		

Invoice analysis	Analysis code	Vat code	Amount	
	Total goods & services			
	VAT			
	Invoice total			

Approvals & authorisations	Order number / price agreed with Order as attached	
	Proof of delivery / order fulfillment attached	
	or Officer confirmation of goods / services received	
	Overall approval for payment	

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REVIEW OF PETTY CASH PROCEDURE

1. Purpose of Report

1.1. For review.

2. Recommendation

2.1. Committee is asked to consider and review the current procedure for managing petty cash and its controls and to make any recommendations considered necessary.

3. Background

3.1. The Council requires a level of petty cash in order to facilitate smaller purchases required on a day-to-day basis.

3.2. The petty cash procedures are set out at Appendix A

4. Financial Implications

4.1. Clause 6.18 of Town Council's Financial Regulations set out the rules for the management of petty cash.

5. Legal Implications

5.1. The Accounts and Audit Regulations 2015 state that 'a relevant authority' must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance procedures.

5.2. A relevant authority must also review the effectiveness of the Council's system of internal controls when preparing its Annual Governance Statement.

End

Linda Blake
Town Clerk

Petty cash procedures

1. The petty cash tin should be kept in the safe at all times. Two members of staff should each hold a key and all keys must be taken off site outside of work hours.
2. The petty cash float should be maintained at a level of no more than £500 for the purpose of defraying operational and other expenses. If the level exceeds £500 any excess funds should be banked into the Council's current account.
3. Income received when above the level of £100 for one receipt must not be paid into the petty cash float, but must be banked separately into the Council's current account.
4. The petty cash float should be counted on a weekly basis as far as possible with a weekly petty cash check sheet being completed – as attached.
5. Petty cash check sheets should be completed by the Finance Officer with another member of staff verifying the count of monies held.
6. All receipts should be kept and filed with the weekly check sheet.
7. Any discrepancies or errors should immediately be reported to the Responsible Finance Officer who is also required to sign off each petty cash count check sheet as overall approval.
8. A limit of £60.00 should be applied for each petty cash purchase.

PETTY CASH WEEKLY CHECK SHEET

WEEK ENDING FRIDAY

THE ATTACHED PAPERWORK DETAILS THE PETTY CASH TRANSACTIONS FOR
THE PERIOD

..... TO

WEEKLY COUNT RECORD

DATE OF CASH COUNT	
LAST WEEK PETTY CASH COUNT	
CASH IN PETTY CASH TIN	
OPERATIONS PETTY CASH	
PETTY CASH AS RECORDED ON SAGE	
DIFFERENCE IN AMOUNT (IF ANY)	
REASONS FOR DIFFERENCE – PLEASE STATE	

Petty cash counted by

Count checked by

Signed as overall authorisation