

Annual Return 2019/20

Final Report

Issue Date: 19 June 2020

Working in Partnership to Deliver Audit Excellence

Executive Summary

Audit Opinion	Recommendation Summary	
	Priority	Number
	Priority 1	0
	Priority 2	0
	Priority 3	0
	Total	0

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Audit Conclusion

We found the following areas to be well controlled:

- Appropriate accounting records have been kept properly throughout the year.
- A complete, up to date set of Standing Orders and Procurement Policy are in place.
- Income and expenditure transactions are managed effectively.
- Robust risk management arrangements are in place.
- Salaries are reviewed and agreed annually by a panel of Members.
- An Asset Register is maintained and was found to be complete and accurate. Assets noted within are appropriately insured and processes are in place with which to keep it updated.
- Periodic and year-end bank account reconciliations were properly carried out.
- The year-end accounts agree with one another and are supported by an adequate audit trail and underlying records.
- During Summer 2019, the Exercise of Public Rights, as required by the Accounts and Audit Regulations 2014, was correctly provided for.

We did, however, identify some opportunities for improvement:

- Complete, up to date Financial Regulations are in place and are supported by operational financial key control procedure. These procedures could, however, be improved by stating within each:
 - That the Director of Finance position owns the document.
 - The date of last review, and of the next intended review, of the document.
- SDBC has assessed the significant risks to achieving its objectives and has reviewed the adequacy of arrangements to manage these. However, we note that, at the time of review:
 - The Risk management Policy for Axe Brue and Parrett had last been reviewed in 2018 and for NSLIDB had last been reviewed in 2015.
 - A unified Risk Management Policy, to be applied to all three boards, was pending approval by the SDBC Board.

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- Appropriate budget setting processes are in place. The Parrett Board has relatively low Free Reserves, in relation to the assets it maintains. A Business Model Review is due to be discussed by the Board; the outcome of which will determine what, if any, action will need to be undertaken to improve this situation. We acknowledge that the approval of the Business Review has been delayed by the COVID-19 outbreak.
 - We have recommended closing down NSLIDB's petty cash float. It is rarely used and presents an immaterial, yet unnecessary, risk.
 - Salaries and allowances are paid in accordance with the arrangements agreed by the Salaries Committee and PAYE and NI are properly applied.
 - Last year, contracts of employment could not be sourced for all staff. Of those that could be obtained, the terms within were in different formats. The CEO has since addressed these issues; with contracts now held for all staff. All contracts have been re-issued in a common format. This task will complete once the Strategic Review concludes; as some final Staff Contracts may change as a result.

We found that the following recommendations, made in the 2018-19 audit, had been completed:

- A process by which the Director of Finance is notified of additions and disposals of fixed assets, who then reports these to Members, has now been introduced.
- An Authorised Signatory List has now been introduced.
- A Cash Handling Procedure has been introduced.