



INTERNAL AUDIT

TOWN COUNCIL MEETING

REPORT 24/16

16 MAY 2016

The purpose of this report is to ask Members to consider and agree the report of the Town Council's Internal Auditor on the financial year 2015/16 and appoint its Internal Auditor for 2016/17.

No. DETAIL

1) INTERNAL AUDIT REPORT

- a)** The Town Council appointed Gareth Hughes as its Internal Auditor for 2015/16 at its meeting of 18 May 2014 by Minute 64/15 of that meeting.
 - b)** Gareth Hughes' Internal Audit Report is attached to this report for Members' consideration.
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2) APPOINTMENT OF INTERNAL AUDITOR

- a)** Gareth Hughes is willing to remain as the Town Council's Internal Auditor for the financial year 2016/17.
 - b)** As a Chartered Public Finance Accountant previously employed at senior level of the Isle of Wight Council he is very well qualified for the role.
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3) RECOMMENDATIONS

Members are recommended to:

- i)** formally accept the Internal Auditor's Report; and
 - ii)** appoint Gareth Hughes as the Town Council's Internal Auditor for the financial year 2016/17.
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VENTNOR TOWN COUNCIL

INTERNAL AUDIT REPORT 2015-16

1. INTRODUCTION

All Local Councils in England are required to complete an annual return summarising their financial records at the end of the financial year. Section 4 of the Annual Return needs to be completed by an Internal Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

2. SCOPE OF AUDIT

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

- Matching of financial statements to invoices and receipts
- Examination of budget preparation & precept setting
- Inspection of bank statements
- Compliance with payroll requirements
- Correct accounting for VAT

3. FINDINGS

- (1) The accounting records, bank statements and bank reconciliation for the year ended 31st March 2016 have been examined and agreed. A bank reconciliation is presented to the Council on a monthly basis and signed by the Clerk/RFO , which is considered good practice. The bank reconciliation is contained on the expenditure sheets of the Excel accounts spreadsheet.
- (2) The Council had complied with the new Transparency Code requirements and all non salary expenditure is contained on the Councils website.
- (3) The accounts have been produced on an income and expenditure basis as is required when annual turnover exceeds £200, 000 per annum.
- (4) The Council had followed a budget process to support its precept and a gross precept of £283,779 (inclusive of grant of £11,970) was approved at its meeting on the 8th February 2016. The grant element of the precept is not guaranteed for future years and may impact on the level of future Local Council Tax.
- (5) The Council has a lease for Salisbury Gardens from the Isle of Wight Council to provide offices and a location for local business units. The Council has agreed that any costs arising from the project should be financed by its income

and that there should be no financial call on the precept or local taxpayer. Income and expenditure arising from Salisbury Gardens have been recorded and a surplus of £23,359 was achieved in the 2015-16 financial year.

- (6) Expenditure and income had been fully documented. The Isle of Wight Council's policy is to pay the full precept in one payment and the precept for 2015-16 was received in April 2015. Supporting invoices and documents had been kept to support all tested transactions. VAT had been properly accounted for and VAT paid is fully recovered from HMRC.
- (7) There were no matters arising from the audit of the 2014-15 Annual Return which was reported to Council at its meeting on 12th October 2015. The External Auditor for the 2015-16 Annual Return is again to be BDOLP but the format of the return remains unchanged (although the Accounting Statements now form Section 2 and not Section 1 as in previous years). With effect from 1st April 2017 External Auditors will be appointed for a five year period by Smaller Authority's Audit Appointments Ltd, a public company formed in consultation with NALC and SLCC.
- (8) The Accounts and Audit Regulations 2015 were introduced in the year and are applicable to the review of the 2015-16 accounts. These regulations bring additional financial reporting requirements, details of which are contained in a briefing paper received from BDOLP with the Annual Return.

Having regard to the above I am of the opinion that I have adequate assurance to complete and sign Section Four of the Annual Return.

GARETH HUGHES BA (Hon) CPFA

13th May 2016