

VENTNOR TOWN COUNCIL

INTERNAL AUDIT REPORT 2016-17

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
- Completion of Risk Assessments
- Compliance with Transparency Code

3. FINDINGS

- (1) Payroll is completed using HMRC payroll software with deductions of Tax & NI being paid to HMRC on a quarterly basis.
- (2) The accounting records, bank statements and bank reconciliation for the year ended 31st March 2017 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.
- (3) The accounts have been produced on an income and expenditure basis as is required when annual turnover exceeds £200,000 per annum. Details of proposed accruals were supplied by the Town Clerk and these will be included in Section 2 of the Annual Return. As turnover exceeds £200,000 there is a requirement for an Intermediate Audit to be completed which requires a supplementary addition to the main Annual Return. Details of the completed returns will be examined prior to their submission to the External Auditor..
- (4) The Council had followed a budget process to support its precept and a precept of £280,423 was approved at its meeting on the 13th February 2016.

- (5) Income and Expenditure against budget is monitored on an ongoing basis with variances against budget being reported to Full Council on a monthly basis. The budget for public conveniences was reviewed in the year having regard to the first year of their operation by the Town Council and budget provision of £40,000 has been made in respect of the 2017-18 financial year.
- (6) 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 and local taxpayer.

Income and expenditure arising from Salisbury Gardens have been recorded and a surplus of £27,635 was made in the 2016-17 financial year.

- (7) 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 2016-17 was received in April 2016. Supporting invoices and documents had been kept to support all tested transactions. VAT had been properly accounted for and VAT on expenditure incurred is fully recovered from HMRC.
- (8)) Section 4 of the Annual Return requires the Internal Auditor to be satisfied that the Council considers the risks to not achieving its objectives. Risk assessments were undertaken in the year in respect of the Paddling Pool and the Putting Green at Ventnor Park. A Financial Risk Assessment was undertaken and approved at the Council meeting in March 2017.
- (9) There were no matters arising from the audit of the 2015-16 Annual Return which was reported to Council at its meeting on 12th September 2016. The External Auditor for the 2016-17 Annual Return is again to be BDOLP but the format of the return remains unchanged. With effect from 1st April 2017 External Auditors will be appointed for a five year period by Public Sector Audit Appointments Ltd (PSAA), a public company formed in consultation with NALC and SLCC.
- (10) The Local Government Transparency Code requires Town and Parish Council's with annual income or expenditure of over £200,000 to publish on its web site, on a monthly basis, details of all payments in excess of £500 other than salaries. Ventnor Town Council has opted to publish all non-salary payments on the website. There is also a requirement to publish details (including valuation) of all owned land & buildings and therefore the freehold acquisition of public convenience sites will need to be disclosed.

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

12th May 2017