



# INTERNAL AUDIT

TOWN COUNCIL MEETING

REPORT 40/21

17 MAY 2021

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 2020/21 and appoint its Internal Auditor for 2021/22.

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**No. DETAIL**

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**1) INTERNAL AUDIT REPORT**

- a) The Town Council appointed Gareth Hughes as its Internal Auditor for 2020/21 at its meeting of 18 May 2020 by Minute 48/20 of that meeting.
- b) Gareth Hughes' Internal Audit Report for the financial year 2020/21 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 2021/22.
- 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 agree that:

- i) the Internal Auditor's Report be accepted and Gareth Hughes be thanked for his thorough preparation of it; and
  - ii) Gareth Hughes be appointed as the Town Council's Internal Auditor for 2021/22.
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# **VENTNOR TOWN COUNCIL**

## **INTERNAL AUDIT REPORT 2020-21**

### **1.INTRODUCTION**

All Local Councils in England are required to complete an Annual Governance and & Accountability Return (AGAR) summarising their financial records at the end of the financial year. The Annual Report of the Internal Auditor section of the AGAR needs to be completed by an 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
- Correct accounting for VAT
- Completion of Risk Assessment
- External Audit requirements.
- 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. Evidence of RTI Full Payment submissions were received and inspected.
- (2) The accounting records, bank statements and bank reconciliation for the year ended 31<sup>st</sup> March 2021 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. As at 31<sup>st</sup> March 2021 bank balances totalled £163,618.63..
- (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 accruals have been supplied by the Town Clerk and these have been included in Section 2 of the Annual Governance & Accountability Return.
- (4) The Council has outstanding long term loans with the Public Works Loan Board (PWLB) in respect of previous capital expenditure. Outstanding balances as at 31<sup>st</sup> March 2021 amounted to £123,850.85. Further borrowing consent of £150,000 had been approved by the Ministry of Housing, Communities and Local Government in respect of public convenience provision.

- (5) The Council had followed a budget process to support its precept and at its meeting on 8<sup>th</sup> February 2021 set the Precept at £355.889.
- (6) Income and Expenditure against budget is monitored on an ongoing basis with variances against budget being reported monthly to Full Council.
- (7) 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 £20,656 was made in the 2020-21 financial year.
- (8) The AGAR requires the Internal Auditor to be satisfied that the Council considers the risks to not achieving its objectives. A Financial Risk Assessment was undertaken and approved at the Council meeting on 8<sup>th</sup> February 2021.
- (9) There were no matters arising from the External Audit of the 2019-20 AGAR and this was presented to the Council at its meeting on 9<sup>th</sup> November 2020. The approval of the Annual Report of the Internal Auditor section of AGAR needs to take place prior to the approval of the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2). The order of these approvals should be clearly documented in the Parish Council minutes. With regard to the AGAR for the 2020-21 financial year this order of approvals was finalised at the Council meeting held on 15<sup>th</sup> June 2020.
- (10) The Local Government Transparency Code requires Town and Parish Council's to publish certain information on its website. With regard to AGAR the following documents need to be presented on the website on approval of the AGAR –
1. Annual Report of the Internal Auditor section of AGAR.
  2. Section 1 of AGAR – Annual Governance Statement.
  3. Section 2 of AGAR – Accounting Statements.
  4. Analysis of variances.
  5. Year end bank reconciliation.
  6. Notice of the period for the exercise of public rights.

**Having regard to the above I am of the opinion that I have adequate assurance to complete and sign the Annual Internal Audit Report section of the Annual Governance & Accountability Return.**

**GARETH HUGHES BA (Hon) CPFA**

**8th May 2021**