

# Brixham Town Council

## Financial Year 2020-21

Visit date: 4 November 2020

### Interim Internal Audit Observations

**Box A** Appropriate accounting records have been kept properly throughout the year.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	It was not possible to 'Balance' the accounts and produce a Trial Balance	<i>It was noted that the opening trial balance did not balance there was a difference of £25 which appears to be due to opening Reserves. Please refer to section D.</i>	The Council must query this with their software supplier.	High	
2	Council Minutes have not been signed in accordance with the Local Government Act 1972	<i>The Council has not provided any signed minutes during the interim audit review, it is understood that the Council has not had the opportunity to sign these due to the lockdown restrictions.</i>	The Council must ensure that Minutes are signed in accordance with the requirements of the Local Government Act 1972 once lockdown restrictions have been eased.	Medium	All minutes are signed up to the commencement of the second lockdown. The Clerk will arrange for minutes of meetings held during the second lockdown to be signed as soon as possible.

**Box B** This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Invoices have not been approved in accordance with the Councils Financial Regulations	<i>A sample of 16 payments was provided to Internal Audit and supporting documents for the payments have been provided. All invoices were found as not checked and certified by the RFO as required by the Council Financial Regulations Part 5.3.</i>	The Council must ensure that invoices are approved as required by the Councils Financial Regulations.	High	Invoices are checked by the RFO and where necessary, questioned.

**Box D** The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council has not met to discuss External Auditor report issued on 18 October 2020.	<i>The External Auditor report is dated 18 October 2020. The Council has not met yet to discuss the issues highlighted by the External Auditor.</i>	The Council MUST ensure that it minutes consideration of reports of the External Auditor at the next Full Council meeting.	High	Council met on 19.11.20 and viewed report which was first meeting after the External Auditors report was issued.
2	Council has not returned completed Internal Audit Observations spreadsheet to IAC.	<i>The Council did raise some queries to the draft Internal Audit Year End Observation report in an email and subsequently the Observation report was updated. The Council did not complete the Internal Audit Observation spreadsheet and return this to Internal Audit (IAC).</i>	Council must complete and return prior years Internal Audit Observations to IAC.	Medium	Year End observations document has now been completed and return to IAC.

3	The accounting system opening balances do not agree to the prior year Annual Return	<i>Box 7 opening balance does not match prior year Annual Return. There is a difference of £25. This has also been highlighted by the Council on the Opening Trial Balance statement for 2020-21.</i>	The Council must review the accounting system opening balances and rectify any discrepancy between the accounting system opening balances and the prior year Annual Return.	High
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**Box E** Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Fees and charges have not been subject to review and approval by Council during the year.	<i>The Council has a number of sources to generate income apart from the Precept. The Council services include Allotments, Markets, Newsletter Advertisement, Room and Office Hires and 4 leases. The Council has not reviewed the fees and charges collectively in some cases since 2015. The schedule of fees and charges are fragmented.</i>	The Council should establish a process for the regular review of fees and charges. The Council may wish to incorporate this into the annual budgeting process.	Medium	Noted and will be added to agenda for review.

**Box I** Periodic and year-end bank account reconciliations were properly carried out.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Bank reconciliation have not been subject to independent review.	<i>The Council has not independently reviewed, signed or dated the bank reconciliations due to the lock down restrictions.</i>	On a regular basis, at least quarterly, bank statements must be subject to formal review. The bank reconciliation statement should be signed and dated and the supporting bank statements initialled as evidence of this review.  On a regular basis reconciliations should be reviewed by Council and signed and dated as evidence of this review.	High	The Councillor responsible for checking the bank reconciliations and reporting to F&GP Committee has resigned. The Council need to agree another Councillor to carry out this role. As soon as restrictions allow, the bank reconciliations will be available to the Councillor to check.

**Box L** During summer 2020 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Auc

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The period of the Exercise of Public Rights did not last for 30 working days.	<i>The Council received a negative response from External Auditor not providing sufficient provision for the Exercise of Public Rights.  Notice period 14 July 2020 to 14 August 2020.  This equates to 24 days and not 30.  External Auditor requires that the Council give a 'Negative' response to Assertion 4 on the Annual Governance Statement 2020-21.</i>	The Council to note that the period of the Exercise of Public Rights did not last for 30 working days.  The Council must give a 'Negative' response to Assertion 4 on the Annual Governance Statement 2020-21 at Year End as requested by the External Auditor.	Non Compliance	The Council has noted this at its meeting on 19.11.20.