



Brixham Town Council

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Town Clerk: Mrs Tracy Hallett

Report Number	32-2021	Date	05.05.21
Report Type	Public	Meeting	Full Council
Contact Officer	Tracy Hallett	Job Title	Town Clerk
Report Title	Year End Internal Auditors Report		

Purpose of Report

To discuss and consider the Year End Internal Auditors Report. All documents issued by the Internal Auditor are on pages 2-7 of this report. You will also note that the Clerk has added information in the comments column, for Councillors (and Auditor) information.



Tracy Hallett
Town Clerk
Brixham Town Council
Brixham Town Hall
New Road
Brixham
TQ5 8TA

27th April 2021

Dear Tracy,

Further to my Internal Audit visit of the Council in respect of the 2020 Annual Return, I am submitting my report and Observations to the Council. As you will notice from the attached Internal Audit Report it was unfortunately necessary to issue a negative response in respect of Control Objective M

Control Objective M

"The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)"

Reason for the negative response Control Objective M

Regulation 14 of The Accounts and Audit Regulations (2015) sets out the requirements in respect of The Period for the Exercise of Public Rights

As you are aware, it was not possible during the internal audit to verify that the Council had properly discharged its obligations as set out in the Regulations. As identified during the Interim Audit the period set by the Council lasted for 30 calendar days and not the 30 working days as set out in the Regulations.

Implications in respect of the Annual Return

As previously advised it will be necessary for a negative response to be entered on the Internal Audit Report. In addition, the Council will also have to return a negative response in respect of Assertion 4 of the Annual Governance Statement.

It is highly likely that this issue will be subject to further query by the External Auditor and it would be helpful in that regard if the Council were to properly Minute a discussion of a review of this issue and to include an explanatory letter when submitting the Annual Return.

In addition to the Negative Response on the Internal Audit Report we have also responded 'Not Covered' in respect of the Control Objectives K, L and O and we are required to explain why we have done this.

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- The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review in 2019/20.
 - The reason for the Not Covered response for Objective L is that it is not applicable to your Council as your 'annual turnover' exceeds £25,000.
 - The reason for the Not Covered response for Objective O is that we understand that the Council does not act as a Trustee.

In addition to this letter and the statutory Internal Audit Report (which I signed during my visit) I have also submitted our Internal Audit Observations and Summary to you by email. I would be grateful if you could bring all of these to the Councils attention in due course.

Yours sincerely,

A handwritten signature in black ink that reads "K. Rose". The signature is written in a cursive style with a large initial 'K' and a distinct 'R'.

Kevin Rose ACMA
Director

Internal Audit Summary

2020-21 Brixham Town Council Internal Audit

Client	Brixham Town Council	
Clerk:	Tracey Hallett	
	Name	Date
Prior Year Audit Signed	Paula Sakalla	15 May 2020
Pre Audit	Paula Sakalla	4 November 2020
Visit 1 Auditor:	Paula Sakalla	4 November 2020
Year End Auditor	Kevin Rose	26 April 2021
Reviewed by		

Complete
Yes
Yes
Yes
Yes
No

Internal Audit Summary 2020-21
Year End Audit



Negative Analysis

Annual Return – Compliance with Requirements	Not checked	Not applicable	Positive	Negative	Statutory Non-Compliance	High	Medium	Low
Box A Appropriate accounting records have been kept properly throughout the year.	0	0	3	2	0	1	1	0
Box B This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	1	5	33	1	0	1	0	0
Box C This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	0	1	10	0	0	0	0	0
Box D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	2	4	15	3	0	2	1	0
Box E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	0	7	15	1	0	0	1	0
Box F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	0	0	9	0	0	0	0	0
Box G Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	0	1	15	1	0	1	0	0
Box H Asset and investments registers were complete and accurate and properly maintained.	1	3	4	1	0	1	0	0
Box I Periodic and year-end bank account reconciliations were properly carried out.	0	3	9	4	0	2	1	1
Box J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	0	3	5	0	0	0	0	0
Box K If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")	0	2	0	0	0	0	0	0
Box L If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities	(not applicable)							
Box M 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 Audit Regulations.	0	0	3	1	1	0	0	0

Box N	The authority has complied with the publication requirements for 2019/20 AGAR. (see AGAR Page 1 Guidance Notes).	(see testing Box D)							
Box O	Trust funds (including charitable) – The council met its responsibilities as a trustee.	0	5	0	0	0	0	0	0

Total

4	34	121	14	1	8	4	1
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Year End Internal Audit Observations
Brixham Town Council
Financial Year 2020-21



Visit date: 26 April 2021

Year End Internal Audit Observations

Box G Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.

No.	Audit Conclusion	Observation	Recommendation	Priority	BTC Comments
1	It was not possible to agree salaries paid to those approved by Council	<i>One member of staff appears not to be paid correct rate (1 SCP difference). It appears this issue may relate the award of annual increments.</i>	Council to review salaries paid to ensure that they agree to those approved by Council.	High	The Town Clerk has contacted Payroll and has been advised that this was due to them being in their probationary period. The matter has been resolved and any back pay owed will be paid in the next payroll run.
2	The Council has not published the details of Members Allowances paid in accordance with Regulation 15 of Members Allowances Regulations 2003	<i>2019-20 Members Allowances were published within the Councils Annual report, however it is not clear that this complies with Regulation 31 of the Members Allowances Regulations 2003 which states requirement for publication of "a notice in a conspicuous place or places in the area of the authority". It was also noted that the publication for 2019-20 states a total value of the allowances paid and not "the total sum paid by it in the year to each member".</i>	The Council should review the publication requirements for Members Allowance and ensure that, in future, it complies with these requirements.	High	The Town Clerk will ensure that this is carried out following the publication of the 2020-21 Annual Report.

Box H Asset and investments registers were complete and accurate and properly maintained.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council has not reviewed the asset register during the financial year.	<i>The Council reviewed the asset register in November 2020 through the F&GP committee. Subsequent to this meeting the register has required to be updated (note the recommendation re the valuation of the allotments etc).</i>	Prior to approving the 2021 Accounting Statement the Council should review and confirm the asset register value.	High	This will now be carried out annually at the annual Council meeting commencing May 2021.
2	The Council has not updated the the asset register with Assets purchased / disposed of during the year.	<i>On review of the Asset Register the Council noted that three allotments sites had not previously been included. These were included during the year as values based on estimated land values. It is understood that the allotments were, in fact, transferred free of charge from the district council.</i>	The Council will need to ensure that the 2020 Box 9 value is 'Restated' to include the allotment assets as these were held by the Council at that date. The value applied to each of the sites should be set at a nominal £1 each as they were gifted free for charge. The Council will also need to 'RESTATE' the Box 9 value for the 2019-20 year as it is understood that the allotments were held by the Council at that time and should be reflected in the asset value for that year.	High	The Auditors recommendation has been carried out. Please see Item 12 of the 05.05.21 agenda and its report 33-2021.

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

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have not been signed and dated as evidence of independent review.	<i>Reconciliations prior to 31st March have been signed and dated. It was noted that the Year End reconciliation has been prepared but was pending review and signature at date of the audit visit.</i>	Council to note	Low	This will be carried out in due course.