



Brixham Town Council

First Floor, Brixham Town Hall,
New Road, Brixham, TQ5 8TA

01803 859678 info@brixhamtowncouncil.gov.uk

Town Clerk: Mrs Tracy Hallett

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Report Type	Public	Meeting	Full Council
Contact Officer	Tracy Hallett	Job Title	Town Clerk
Report Title	2021/22 Interim Auditor Report		

Brixham Town Council

Financial Year 2021-22



IAC Audit and Consultancy Ltd

16- February -2022

Interim Internal Audit Observations

Visit date:

B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Have valid VAT invoices been obtained to support reclaim of VAT?	<i>It was noted that the Council has not always obtained valid VAT invoices to support the recovery of VAT incurred. A sample of invoices identified two invoices, International Heating Spares £145.99 and LockStation £38.99 for which valid VAT invoices had not been provided (neither invoice includes the VAT number) . It was noted that both these payments appear to relate to online purchases. (From a detailed review of invoices it appears that in most cases valid VAT invoices have been obtained.)</i>	The Council must ensure that, in particular when ordering Online, valid VAT invoices are received to support the reclaim of input VAT. Further information on HMRC requirements can be found at www.gov.uk/vat-record-keeping/vat-invoices Council to review the transactions identified and ensure that either valid VAT invoices are obtained to support the reclaim or that the amounts are not included in any VAT reclaim from HMRC.	Medium	VAT invoices have been requested from these organisations and internal procedures have been reviewed and updated.
2	Was VAT correctly accounted for on expenditure transactions?	<i>VAT had been accounted for on both the invoices from the sample which were not valid VAT invoices.</i>	See above	Medium	

E *Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Cash income received is promptly receipted	<i>The Council receives cash income, mainly in respect of the gardening service provided to elderly and vulnerable people. At present the Council does not have a process for the issuing of receipts when collecting these payments.</i>	The Council to review arrangements for the collection of this income. Wherever possible pre numbered receipts should be issued for any cash collected. (It is understood that the Council is considering alternative methods of payment.)	High	Lengthsmen are now provided with pre-numbered receipts prior to visit. Alternative method of payment available shortly.
2	Income received has been appropriately treated for VAT purposes	<i>It was noted that the Council has charged for the provision of Gardening Services which are provided by the Councils Lengthsman. VAT has not been accounted for on this income. The Council also received income from the sale of scrap metal which has also been accounted for without VAT.</i>	The Council to note that both the provision of gardening services and the sale of scrap metal is subject to VAT at the standard rate. The Council to review these transactions and ensure that VAT is correctly accounted for. (The Council may need to clarify how to account for this with the Councils software supplier.)	Medium	Gardening Assistance receipts now show the vat element. A vat correction will be made in the final vat submission to HMR&C for 2021/22. Auditor advised that Newbery Metals purchase invoice has a zero value vat element.

Internal Audit Summary 2021-22

Internal Control Objective	Negative Analysis					Responses				Recommendations	
	Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked		
A	Appropriate accounting records have been properly kept throughout the financial year.	0	0	0	0	0	5	0	0	0	0
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	0	0	2	0	0	27	2	6	3	2
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	0	0	0	0	0	7	0	1	3	0
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	0	0	0	0	0	12	0	1	2	0
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	0	1	1	0	0	14	2	4	2	2
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	0	0	0	0	0	0	0	9	0	0
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	0	0	0	0	0	0	0	0	23	0
H	Asset and investments registers were complete and accurate and properly maintained.	0	0	0	0	0	1	0	0	9	0
I	Periodic bank account reconciliations were properly carried out during the year.	0	0	0	0	0	6	0	3	7	0
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	0	0	0	0	2	0	2	5	0
K	If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")	0	0	0	0	0	0	0	3	0	0
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.	0	0	0	0	0	0	0	7	0	0

Internal Control Objective		Negative Analysis					Responses				Recommendations
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
M	The authority, during the previous year (2020-21) 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).	0	0	0	0	0	5	0	0	0	0
N	The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	0	0	0	0	0	7	0	1	0	0
O	(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee	0	0	0	0	0	0	0	5	0	0
Total		0	1	2	0	0	26	0	6	54	0