

Brixham Town Council

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

01803 859678 info@brixhamtowncouncil.gov.uk

Town Clerk: Mrs Tracy Hallett

Report Number	24-2022	Date	08.06.22
Report Type	Public	Meeting	Full Council
Contact Officer	Tracy Hallett	Job Title	Town Clerk
Report Title	2021/22 Year End Auditor Report		

Brixham Town Council

Financial Year 2021-22



IAC Audit and Consultancy Ltd

Visit date: 18- May -2022

Year End Internal Audit Observations

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.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Salaries paid agree with those approved by the council	<i>From a review of salaries paid it appears that two staff members may have been paid at SCP that do not agree with those approved by the Council.</i>	The Council to review the salaries paid and verify whether they are correct.	High	Torbay Council have been advised and are currently investigating.
2	The Council has published the details of Members Allowances paid in accordance with Regulation 15 (3) of Members Allowances Regulations 2003.	<i>The Council has not yet published the details of Members Allowances paid in accordance with Regulation 15 of Members Allowances Regulations 2003. It is understood that this will be done shortly.</i>	Council to note.	High	This is now published on the Council's website.

I Periodic bank account reconciliations were properly carried out during the year.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been signed and dated as evidence of independent review (Year End)	<i>CCLA year end bank reconciliation had not been signed and dated as evidence of independent review</i>	Bank reconciliations which have been subject to review should be signed and dated as evidence of this review.	Medium	CCLA bank statement had not arrived when Councillor checked reconciliations. This will be reviewed next time the Councillor visits the office.
2	There are no unexplained balancing entries in any reconciliation (Year End)	<i>It was noted that there were two uncleared amounts recorded on the year end bank reconciliation. One of these relates to a Direct Debit - these should be recorded on the date that they are paid and should therefore not appear as an uncleared item. The other entry relates to a VAT adjustment, and this should not be an item on the bank reconciliation (it is understood that this is an item to be adjusted against the next VAT claim)</i>	The Council to review the outstanding items on the bank reconciliation and clarify why they are outstanding. If necessary the Council should ensure that appropriating correcting entries are made to clear any items that appear on the reconciliation in error.	High	Tracy contacted Edge IT Systems regarding the VAT adjustment and they advised that they had given Tracy incorrect advice. This has now been rectified and Edge have advised that this does not affect the amount of VAT reclaim, but does mean that the outstanding receipt is no longer on the bank reconciliation.
3	Bank statements are available to for all bank accounts as at 31st March.	<i>Bank statements confirming the balances as at the 31st March were not available for all of the Councils bank accounts. The Lloyds Instant account statement was dated 30th March.</i>	Council to Note	High	The bank statement received from Lloyds only covered 1st - 30th. However, the reconciliation covers 1st - 31st March as a statement was printed off direct from the online banking.

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	8	0	1	2	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	13	0	1	1	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	2	0	0	0	19	2	2	0	2
H	Asset and investments registers were complete and accurate and properly maintained.	0	0	0	0	0	5	0	4	1	0
I	Periodic bank account reconciliations were properly carried out during the year.	0	2	1	0	0	9	3	4	0	3
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	5	0	4	0	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

Annual Internal Audit Report 2021/22

Brixham Town Council

<https://www.brixhamtowncouncil.gov.uk/> AVAILABLE WEBSITE/WEBPAGE ADDRESS

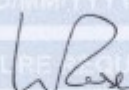
During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
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")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements			✓
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).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 26/04/2021 16/02/2022 DD/MM/YYYY
 Name of person who carried out the internal audit: E Kevin Rose ACMA - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit:  SIGNATURE REQUIRED
 Date: 20/05/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

The Clerk
Brixham Town Council
Brixham Town Hall
New Road
Brixham
Devon
TQ5 8TA

20-May-22

Explanation of "Not Covered" responses

Further to our Internal Audit of your Council for the financial year 2021/22, I am pleased to submit the signed Internal Report for your Annual Return. We have completed our work and I can confirm that we have not given a Negative response for any of the Internal Control Objectives.

You will note that we have given 'Not Covered' responses in respect of Control Objectives F, K, L and O and we are required to explain why we have done this.

- *The reason for the Not Covered response for Objective F is that we understand that your Council does not maintain a Petty Cash.*
- *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 2020/21.*
- *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 as it is our understanding that the Council does not act as Trustee.*

The External Auditor may query why we have responded 'Not Covered' and, if so, you should provide them with a copy of this letter.

Yours sincerely,



Kevin Rose ACMA
Director