Southern Internal Audit Partnership

Assurance through excellence and innovation

Ringwood Town Council

Internal Audit Report

Annual Governance and Accountability Return (AGAR) 2025-26 Part 3

04 June 2026

Prepared by: Karen Ross

FINAL REPORT

Confidential

1. Introduction

Ringwood Town Council (RTC) commissioned the Southern Internal Audit Partnership to complete this audit. The scope of this review was to ensure that adequate control exists over the internal control objectives specified under points A-P of the Annual Governance and Accountability Return (AGAR) 2025-26 Part 3.

We are grateful to Charmaine Bennett, Jo Hurd and Michelle Gordon for their assistance during the course of the audit.

2. Independence & Impairments

There have been no impairments to internal audit during this review. Internal audit has remained free from all conditions that threaten our ability to carry out responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

3. Scope Limitations

There have been no limitations to the scope of internal audit work.

4. Risks

This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of the following objectives:

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

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

C. RTC 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. Cash payments were properly supported by receipts, all 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 2024-25, it met the exemption criteria and correctly declared itself exempt. (Not covered).

L. RTC published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

M. In the year covered by this AGAR, RTC correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations.

N. RTC complied with the publication requirements for the 2024-25 AGAR.

O. RTC has complied with laws, regulations & proper practices relating to digital and data compliance.

P. RTC has met its responsibilities as a trustee.

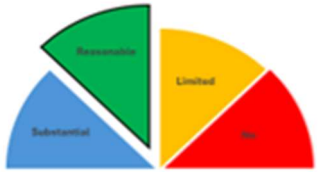
5. Circulation List

This document has been circulated to the following:

- Charmaine Bennett, Town Clerk
- Jo Hurd, Deputy Town Clerk
- Michelle Gordon, Finance Manager

	The Southern Internal Audit Partnership *'generally conforms'* to the Global Internal Audit Standards in the UK Public Sector and its work is performed in accordance with the International Professional Practices Framework (endorsed by the IIA).

6. Summary Findings

Overall Assurance		Observation (s)		Management Actions	
Opinion	**Definition**	**Priority**	**Number**	**Priority**	**Number**
	**Reasonable:** There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	**Priority 1**	0	**High**	0
		Priority 2	2	**Medium**	2
		Priority 3	0	**Low**	0
		Total	2	**Total**	2

Executive Summary

Areas assessed to be working well/controls are effective.

- Detailed financial results comparing year-to-date actuals against budget are compiled and reported to the Policy & Finance Committee monthly in a format which provides an audit trail to original transactions within the Council's Financial Information System (Edge).
- The current Financial Regulations were adopted in July 2025. Testing of a sample of twenty points within the Financial Regulations found them all to be fully compliant with the Council's approved policies, procedures, and control requirements as set out in the Regulations.
- Sales invoices were raised in compliance with the Council's current charging policies, were correctly coded with VAT appropriately accounted for.
- Payments to suppliers were supported by invoices and authorised via Edge workflows with VAT appropriately accounted for. Testing of expenditure via petty cash found transactions were supported by receipts, petty cash floats had been balanced and transactions were correctly coded and posted to Edge in a timely manner.

- VAT returns can be substantiated to transactional level within Edge; the Responsible Financial Officer (RFO) is responsible for ensuring returns are submitted within HMRC's deadlines. Testing confirmed that all four quarterly submissions were returned in a timely manner.

- Allotments were found to have an appropriately signed tenancy agreement, there is a register of tenants, and staff are able to identify any debtors, who are monitored until payment is received.

- For burials there is formal burial register, it was found to be up to date with interments and memorials appropriately evidenced. RTC also retain copies of Burial /Cremation certificates.

- Testing confirmed that fees (for allotments/burials and other) had been charged at the correct approved rate and were recovered within a reasonable time.

- Hall hire has an effective diary system for bookings identifying the hirer and hire times. Sample testing confirmed hall hire bookings were invoiced promptly and accurately.

- The Town Council is required to carry out an annual Financial Risk Assessment. A full financial risk review was presented to the Policy and Finance Committee in September 2025. This risk assessment identifies risks in several areas, together with controls that have been implemented to manage that risk. A number of these controls are covered by Financial Regulations which were adopted in July 2022 and are subject to annual reviews (in July 2023, July 2024 and July 2025).

- Annual playground inspections are carried out by The Play Inspection Company as well as weekly inspections by the Grounds Team. Risk assessments have also been undertaken for Grounds and Catering Teams.

- A draft budget setting out the 2025-26 precept was presented to the Policy & Finance Committee and then Full Council by January 2025. The precept for 2026-27 was presented in January 2026. Year-to-date actuals against budget were reported to the Policy and Finance Committee at each meeting, along with executive summaries, summaries of cash-book movements and transfers to and from reserves. General reserves have been maintained in line with guidelines, with additional commentary provided as necessary.

- A sample of income, across ledger codes confirmed income received was based on correct prices (fees and charges), were properly recorded, banked promptly and VAT was appropriately accounted for.

- Testing of payroll transactions found that the specialist company contracted (TC Group) paid salaries to employees and allowances to Members which were in accordance with the Authority's approvals. PAYE and NI requirements were properly applied. Salaries were also found to be paid to the employee/allowances to Members in a timely manner. Internal controls around these processes and the subsequent posting of anonymised payroll costs to Edge are robust.

- The RFO maintains a comprehensive fixed asset register with additions and disposals updated as required. A record is made of the last time each asset was checked.

- RTC has loan liabilities and have three PWLB annuity loans. The total outstanding debt has been verified to the DMO (UK Debt Management Office) website.

- Bank statements are reconciled by the RFO monthly and testing of October 2025, December 2025 & March 2026 reconciliations agreed to the cash book summary presented to the Policy and Finance Committee. Cross-referencing of the year-end reconciliations confirmed they agreed to bank statements and the year-end cashbook. For additional scrutiny there is an arrangement in place for a Councillor to review reconciliations and statements following each Policy and Finance Committee meeting and sample checks confirmed Councillor sign off.

- Budgets and budget monitoring reports have been prepared on the correct income and expenditure accounting basis, as will the final accounting statements, and figures such as debtors and creditors on the final balance sheet can be substantiated to transactional level by Edge reports.

- RTC publishes information on a free to access website which was found to be up to date at the time of the internal audit in accordance with the relevant legislation including publishing the ICO publication scheme on its website.

- RTC did not certify itself as exempt from a limited assurance review in 2024-25 therefore this was 'not covered' in accordance with point K or the AGAR certificate reference.

- The Council complied with point M of Part 3 of the AGAR which relates to providing for the exercise of public rights as required by the Accounts and Audit Regulations.

- There was evidence that the Council complied with point N of Part 3 of the AGAR which relates to the publication requirements of the 2024-25 AGAR by the dates specified, with all relevant documentation published on the Council's website.

- The Council was found to comply with laws, regulations and proper practices relating to digital and data compliance. For example, the Council has an up-to-date Information Technology Policy and a FOI and Data Protection Policy in place, has completed/updated the required data audit (last updated April 2026), and has a single generic email address on an authority owned domain which Council officers can access.

- The Council acts as trustee for two charities and filed the relevant Charity Commission returns in a timely manner.

Areas where the framework of governance, risk management and control could be improved.

- Ringwood Town Council holds balances in excess of £100,000 and therefore would be expected to maintain a formal investment strategy in line with good practice. While the Council has supporting arrangements in place through its Financial Regulations and Treasury Management Policy, there is no clear standalone document setting out overall investment objectives, risk appetite, and strategic approach to managing surplus funds.

- A review of the Council's procurement framework shows that requirements for quotations and tenders are set out within both Standing Orders and Financial Regulations, broadly aligning with expected guidance. However, these provisions are split across documents and do not clearly demonstrate consistent or comparable thresholds, and there is limited procedural guidance on how procurement processes should be carried out in practice.

Observation – 1 – Investment Strategy (Balances > £100,000)	Priority 2

Reviewing Ringwood Town Council's published financial information confirms that the Council holds bank and investment balances significantly in excess of £100,000. Given this level of balances, the Council is expected to maintain an appropriate Investment Strategy in line with good practice.

The Council does have investment-related arrangements in place through its Financial Regulations and a Treasury Management Policy Statement, which set out approved investment instruments, counterparties and controls. However, there is no clearly identifiable standalone Investment Strategy document that consolidates:

- the Council's overarching investment objectives
- risk appetite and liquidity priorities
- strategic approach to managing surplus funds.

Furthermore, whilst Policy & Finance Committee minutes demonstrate active management of balances (including use of investment accounts and cash transfers), they do not themselves constitute or clearly evidence formal approval of a comprehensive investment strategy.

Risk	The Council cannot readily demonstrate compliance with expected governance and best practice (e.g. CIPFA guidance)

Management Response

Action	Priority	Responsible Officer	Target Date
1.1 It will be made clear in the Treasury Management Policy that RTC will not enter into high-risk investments and therefore will only invest with the CCLA.	Medium	Michelle Gordon, RTC RFO	31st October 2026

Auditor assessment of managements response

Management actions, once implemented, should mitigate this risk.

Observation – 2 – Procurement Framework (Standing Orders and Financial Regulations)	Priority 2

A review of Ringwood Town Council's procurement framework identified that requirements for obtaining quotations and formal tenders are set out across both the Standing Orders (2026) and Financial Regulations (2025). These documents provide a formal basis for procurement controls and are broadly aligned with standard guidance in structure and intent.

However, the Council's procurement arrangements are split across these two documents, and it is not clear that consistent monetary thresholds for quotations and formal tenders are explicitly aligned or directly comparable between them.
In addition, the requirements are largely rules-based, with limited supporting procedural guidance on how procurement activities should be carried out in practice (e.g. how quotes are obtained, evaluated, and recorded).

Risk	Procurement practices may be applied inconsistently across the Council

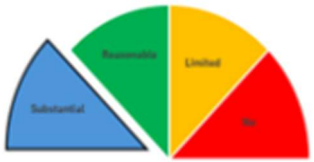
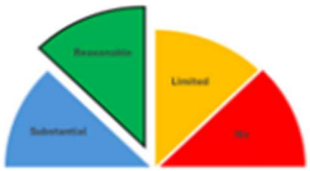
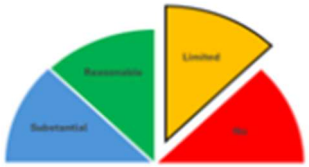
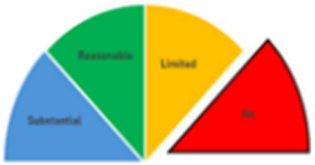
Management Response

Action	Priority	Responsible Officer	Target Date
2.1 A document will be created detailing a framework for procurement procedures.	Medium	Charmaine Bennett, RTC Town Clerk	30th September 2026

Auditor assessment of managements response

Management actions, once implemented, should mitigate this risk.

Appendix A – Definitions of Assurance Opinions, Observations and Management Actions

Assurance Opinion	
	**Substantial:** A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
	**Reasonable:** There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
	**Limited:** Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
	**No:** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Classification(s)		
Observation	**Management Action**	**Definition**
Priority 1	**High**	Significant weakness with an immediate risk of failure to achieve objectives; system breakdown; or loss. Such risk could lead to an adverse impact on the organisation or exposure to criticism.
Priority 2	**Medium**	Although not immediate, there is risk of failure to achieve objectives; system breakdown; or loss.
Priority 3	**Low**	Areas that individually have no immediate risk impact, but where management would benefit from enhanced process/control or efficiencies.