

Southern Internal Audit Partnership

Assurance through excellence
and innovation

Ringwood Town Council

Internal Audit Report

Supplementary Paper to Annual Governance and Accountability Return 2023/24 Part 3

05 June 2024

Prepared by: Karen Ross

FINAL REPORT

1. Introduction

1.1 The scope of this review was to ensure that adequate control exists over the internal control objectives specified under points A-M of the Annual Governance and Accountability Return 2023/24 Part 3.

1.2 We are grateful to Chris Wilkins, Jo Hurd and Rory Fitzgerald and the office team for their assistance during the course of the audit.

2. Objectives

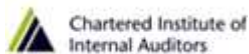
2.1. This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives:

- A. Appropriate accounting records have been properly kept throughout the financial year;
- B. The Town Council complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for;
- C. The Town Council 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; process 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 the 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 and year-end bank account reconciliations were properly carried out;

- 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 the prior year, it met the exemption criteria and correctly declared itself exempt (This section has been confirmed as not applicable);
- L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation;
- M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations;
- N. The authority complied with the publication requirements for the prior year AGAR; and
- O. The Town Council has met its responsibilities as a trustee.

3. Circulation List

- 3.1. This document has been circulated to the following:
Chris Wilkins, Town Clerk
Rory Fitzgerald, Responsible Finance Officer (RFO)



Chartered Institute of
Internal Auditors

The Southern Internal Audit Partnership conforms to the IIA's professional standards and its work is performed in accordance with the International Professional Practices Framework (*endorsed by the IIA*).

4. Summary Findings

Assurance Opinion	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Management Actions	
High	0
Medium	0
Low	0
Total	0

Key Observations
<p>Areas assessed to be working well/controls are effective</p> <ul style="list-style-type: none"> 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 2023. Testing of a sample of twenty points within the Financial Regulations found them all to be fully compliant. Payments to suppliers were supported by invoices and authorised via Edge workflows with VAT appropriately accounted for. Testing of procurements via petty cash found that floats had been balanced and transactions were coded and posted to Edge in a timely manner. VAT returns can be substantiated to transactional level within Edge and the RFO is responsible for ensuring returns are submitted within HMRC’s deadlines.

- Sales invoices were raised in compliance with the Council's current charging policies and correctly coded with VAT appropriately accounted for.
- 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. For burials there is formal burial register, it was found to be up-to-date with interments and memorials appropriately evidenced. Testing confirmed that fees have been charged at the correct approved rate and have been recovered within a reasonable time. RTC also retain copies of Burial /Cremation certificates. Hall hire has an effective diary system for bookings identifying the hirer and hire times and we were able to cross-reference to sampled invoices raised.
- Ringwood Town Council has insurance against public liability risks as part of its general insurance policy with Zurich Municipal. The policy covers: land, buildings, public, employers' and hirers', liability, fidelity / employees (including Councillors) liability, business interruption and cyber security.
- A full financial risk review was presented to the Policy and Finance Committee in September 2023. The Town Council is required to carry out an annual Financial Risk Assessment. The 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 subsequently reviewed in July 2023.
- 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 2023/24 precept was presented to the Policy & Finance Committee and then Full Council by January 2023. The precept for 2024/25 was presented in January 2024. 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.
- 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, and PAYE and NI requirements and were properly applied. Salaries were also found to be paid to the employee/allowances to Member's 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 all 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 signed 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.
- 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 2022/23 AGAR as per related guidance notes by the dates specified, with all relevant documentation published on the Council's website.
- 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

- No issues have been identified.

Appendix 1 – Definitions of Assurance Levels

We use the following levels of assurance and prioritisations in our audit reports:

Assurance Opinion	Framework of governance, risk management and management control
Substantial	A sound system of governance, risk management and control exists, 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.