

2021

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PREPARED BY
ANGELA
ALEXANDER

INTERNAL AUDIT

RYE TOWN COUNCIL

For the financial year 1st April 2020 to 31st March 2021

I am pleased to report that I have carried out the Internal Audit of Rye Town Council's accounting records for the financial year from 1st April 2020 until 31st March 2021 and that I have been able to complete the Internal Audit section report for the 2020-21 AGAR.

I would like to thank Richard Farhall (Town Clerk/Responsible Financial Officer) and Jessica Neame for providing the information and assistance given to me to carry out the Internal Audit.

The internal audit was carried out in accordance with Rye Town Council's Internal Audit Plan and the JPAG Practitioners Guide March 2020. Members should note that there is an updated version to the Practitioners Guide March 2021, which applies from 1st April 2021.

Gibbons Mannington and Phipps have provided accountancy services to Rye Town Council

The external auditors for this financial period are PKF Littlejohn LLP.

The dates of the period for the exercise of public rights commences on 26th June 2021 and ends on 6th August 2021.

Rye Town Council continued to run the business of the Council during the difficult time covering the financial year in question and allocated a budget of £10,000 for Covid-19 related support to the community it serves. Until 24 August 2020, the Town Clerk was given delegated authority to make any pressing decisions with informal consultation with Members and the Council held remote meetings via zoom.

The Annual Governance and Accountability Return (AGAR)

The 2019-20 External auditor report by PKF Littlejohn LLP was given without comment or qualification, showing no cause for concern. Report dated 27/11/20.

At the meeting on 24th August 2020, the AGAR for 2019-20 and the annual accounts were reported to Council Minute number 4. The meeting was held via zoom this being the first meeting held since 23rd March 2020 due to Covid-19.

Members considered and approved as follows:

Minute Number 4

Resolved 5 To approve the Annual Governance Statement 2019-20

Section 1 of the AGAR

Resolved 7 –To approve the Annual Accounting Statements 2019-20

Section 2 of the AGAR.

Rye Town Council will hold a physical meeting on 30th June 2021 for members to consider their approval of .the Annual Accounts and AGAR for 2020-21

The AGAR 2020-21 was made available for inspection and the Town Clerk/Responsible Financial Officer as a draft had completed all necessary sections for 2020-21 in readiness to present to Rye Town Council

Box 1 for 2020-21 agrees to the figure in Box 7 for 2019-2, being £203,929

Box 2 corresponds to the precept request as received by the Town Council, being £177,347

There is an explanation of the variances for box 3 (total other receipts) and Box 6 all other payments in relation to the Heritage Centre.

Box 3 for the year ending 31 March 2020 was £238,358 and for the year ending 31st March 2021 was £43,999. All variances greater than 15% require an explanation that has been detailed as follows:

The Council ceased to run a visitor attraction (Rye Heritage Centre) on 31.3.20 and so no longer benefitted from admission fees. Although the Council continued to provide visitor information and a small gift shop at a separate location (Rye Town Hall) the COVID-19 pandemic resulted in it being closed to personal visitors for most of 2020-21 - leading to a substantial reduction in sales.

In line with the difference in receipts the payments as recorded in Box 6 of the AGAR have reduced from £137,656 at year-end 31 March 2020 to £67, 038. This variation also requires an explanation, which is as follows:

The Council ceased to run a visitor attraction (Rye Heritage Centre) on 31.3.20. Although the Council continued to provide visitor information and a small gift shop at a separate location (Rye Town Hall) the COVID-19 pandemic resulted in it being closed to personal visitors for most of 2020-21 - and so very little stock needed to be purchased. Given the significant reduction in non-precept income during the year, the Council adopted a policy of expenditure restriction.

The minutes of the Council meetings show the process in place for the approval of the Annual Return and Accounting Statements and that Risk Assessments and Internal Controls are managed and reviewed regularly by Rye Town Council

The Town Council has met its responsibilities in respect of the Rye Relief in Need Charity (Registered Charity Number 1075806) and the Charity Commission Annual Return was submitted on Thursday 10th December 2020 for the period 01.04.19 to 31.03.20

The Town Council published the Notice of Conclusion of Audit for the year ending 31st March 2020 on 30th November 2020.

Budget/Precept Setting

At the meeting of Rye Town Council held on 27th January 2020 and it is recorded at minute number 146 that the draft budget be adopted and the precept for 2020-21 be set at £177,347.

The 2021-22 draft budget was considered at the meeting held on 18th January 2021 and minute number 57 shows that Members requested that the budget be amended to ensure that the Band D Council tax be frozen due to the burden an increase to meet the draft budget may have on the tax payer following the pandemic. The adjusted budget was considered by Members Minute number 66 on 25th January 21 and the adjustments mean the total proposed precept was now reduced by £4,745. It was noted that the Council tax base was lower than in 2020-21 as a result of more applications to the District Council for Council tax support. It was resolved to adopt the amended budget and to set the Precept at £173,176 for 2021-22 - Minute number 66.

There has been regular budget monitoring reported to Council comparing the actual income and expenditure against the approved budget.

A Reserves Policy was adopted on 4th May 2021.

Payroll Control

Gibbons, Mannington and Phipps prepare the Payroll for Rye Town Council employees. I was able to view the Payroll records, which are up to date, and regular payments have been made to HMRC to meet the responsibilities for PAYE and National Insurance. P60 end of year certificates had been completed for employees

All employees of Rye Town Council are eligible to join the Local Government Pension Scheme and Rye Town Council is enrolled in the East Sussex Local Government Pension Fund.

No members of staff were furloughed during this time.

A review of the payroll expenses and salaries estimate for 2021-22 has been carried out.

There has been a change to the frequency of payment of PAYE to HM Revenue & Customs from payments being made quarterly to monthly.

Payment and Income Controls

Rye Town Council members receive and adopt the schedule of authorised payments and statement of income at their meetings along with account balances and the statement of earmarked reserves.

There is a policy in place to make electronic payments and wherever possible, payments are to be made by internet banking method. Payment by cheque is still kept as an option although these have largely stopped since the end of March 2020.

An officer of the Council prepares a BACs payment report along with supporting invoices for payment. Payments are made via Unity Trust Bank following authorisation by two of the account signatories who are Members of the Council as stated on the bank mandate. Documentation is sent to all Councillors on the mandate by email with a request to log on the Unity Trust Bank online banking for approval of the payments. There is an opportunity for Members to raise any queries with the Officer of the Council prior to the payments being authorised.

Whilst the appropriate Officer of the Council is able to manage the online banking account, they do not have the authorisation to make the payments. This process mirrors that of raising cheques for signature by two Members who are authorised by the Council in accordance with the bank mandate.

I was able to view the BACs payment reports, which detail the Payee, Reference No. Amount and Unity Trust Bank payment No. and the accompanying Authorisation Report which also shows the name of the Councillor authorising the payments with the date and time of authorisation. I note that in recent times the authorisations have been made regularly by the same few Members. The Council may wish to consider that when point 2.2 of the adopted Financial Regulations is carried out that this is by a Member other than those who have authorised the internet banking payments.

A review of the Internal Controls was carried out August 2020 and a Summary of main day to day financial controls was reviewed and updated on 1st April 2021 and reflects the day to day handling of cash, cheques and postage stamps now that the Rye Information Point is located at the Town Hall.

Year-end controls and book-keeping

The financial records for Rye Town Council are kept up to date and in good order and Gibbons Mannington Phipps have prepared end of year accounts which will be reported to the Members of Rye Town Council for consideration at their 'in person' meeting to be held on 30th June 2021.

Bank Reconciliations

I was provided with the Unity Trust Bank current account statements and reconciliations for the financial year April 2020 to March 2021 for both Rye Town Council and the Heritage Centre and the Nat West reserve and current account bank statements for the Heritage Centre and the two Hodge bank accounts and the NS&I and Co-op accounts for the Town

Council. I carried out test checks of the bank statements and reconciliations and did not find any unexplained entries.

The EPOS end of day reports for the Rye Heritage Centre were available up to 19th December 2020.

The Public Work Loan Board statements were also provided, and the loan is shown on the AGAR Accounting Statements. Principal and interest statements have been made on 21st September 2020 and 23rd March 2021, as at 31st March 2021 there is £201,715.85 outstanding,

Risk Management

Rye Town Council has insurance in place with Zurich, which I was able to view for the period ending 31st March 2021 There is also motor vehicle insurance in place also with Zurich.

There is Fidelity Guarantee of £250,000.

There are current tenancy agreements in place for 97 South Undercliff and the Town Hall Cottage. A 5-year lease has been entered into with the Rye Heritage Centre Charitable Incorporated Organisation, which was signed on 23rd March 2020, and a sale agreement for the Town Model. Rye Town Council remains responsible for the 'fabric' of the building of the Heritage Centre.

There are risk assessments provided for all properties and activities for Rye Town Council and a detailed Covid-19 policy in place, which covers use of the Town Hall and Skate Park, and activities of employees and return to meetings. This was reviewed on 11th April 2021.

The Practitioners Guide for 2021 P61, 5.169. includes a new section on e-mails, which states the importance of using .gov.uk email addresses rather than personal email addresses that can change regularly. I note that the current Mayor of Rye Town Council has a .gov.uk email address.

Asset Register

The Asset Register was updated at 31.03.21

The Grand Total Asset Register value was £1,493,902. The amount in box 9 of the AGAR is shown as £1493,979

The value for insurance purposes is £4,014,071

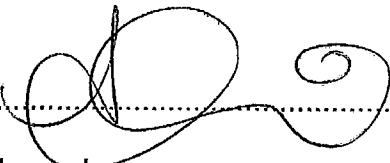
VAT

The way in which Rye Town Council accounted for VAT have been affected due to the changes in respect of the Heritage Centre. This is because the Town Council and Heritage Centre income and expenditure were considered collectively for the purposes of VAT and then transfers made as appropriate.

I note that the transfers of sums between the Town Hall and Heritage Centre have not been paid across.

Rye Town Council has taken the Option to tax on the Town Hall with effect from 1 January 2021 (Public notice 742A applies)
The VAT records were up to date and VAT appropriately accounted for.

Summary – I am pleased to report to Members of Rye Town Council that I have completed my internal audit of the Town Council’s records for 2020-21 and did not find anything major to report in my financial audit. The record keeping is of a high standard and the approach to the management of risks is sound.

Signed  Date 12/6/21

Angela Alexander

Annual Internal Audit Report 2020/21

Rye Town Council

www.ryetowncouncil.gov.uk

During the financial year ended 31 March 2021, 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 2020/21 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 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")			✓
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.			✓
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).	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes ✓	No	Not applicable

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

12/06/2021

Name of person who carried out the internal audit

ANGELA ALEXANDER

Signature of person who carried out the internal audit



Date

12/06/2021

*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).

