

2020

PREPARED BY
ANGELA
ALEXANDER

INTERNAL AUDIT

RYE TOWN COUNCIL

For the financial year 1st April 2019 to 31st March 2020

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 2019 until 31st March 2020 and that I have been able to complete the Internal Audit section report for the 2019-20 AGAR.

I would like to thank Richard Farhall (Town Clerk/Responsible Financial Officer) 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

Accountancy services to Rye Town Council have been provided by Gibbons Mannington and Phipps

The external auditors for this financial period are PKF Littlejohn LLP. Members should note that there has been an extension period to the usual timetable due to the current pandemic situation.

The date of announcement for the period for the public right to inspect the accounting records is 17th August 2020.

The Annual Governance and Accountability Return (AGAR)

The 2018-19 External auditor report was given without comment or qualification, showing no cause for concern. Report dated 24/09/2019.

At the meeting on 24th June 2019 the AGAR for 2018-19 and the annual accounts were reported to Council Minute number 49.4

The AGAR 2018 -19 and the AGAR 2019-20 were made available for inspection and all necessary sections for 2019-20 had been completed by the Town Clerk/Responsible Financial Officer as a draft.

Box 1 for 2019-20 agrees to the figure in Box 7 for 2018-19.

Box 2 corresponds to the precept request as received by the Town Council.

Box 9 agrees to the Asset Register being £1,522,620 which includes the assets acquired during the year.

The Clerk provided an explanation of the variances for box 3 as follows:

Box 3 – Total other receipts as this figure includes the proceeds from the sale of a flat mouth bust for the sum of £111,352 which has contributed to the capital reserves.

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 by 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 16th December 2019 for the period 01.04.18 to 31.03.19.

Budget/Precept Setting

The 2020-21 draft budget was considered at the meeting held on 27th January 2020 and minute number 146 shows that it was resolved to adopt the budget and to set the Precept at £177,347 for 2020-21. The budget took into account the impact that the fire at The George Hotel had on the income received from Wedding bookings at the Town Hall and the relocation of visitor information and gift shop from the Heritage Centre to the Town Hall from April 2020.

Whilst budget discussions were carried out in public session the resolution was reached following a resolution to exclude the press and public following a query raised by a Member that was likely to include commercially sensitive or personal information.

There was regular reporting of the financial position by the RFO and HC manager to Council meetings and monitoring of expenditure against the budget by Members.

At the Council meeting held on 24th June 2019 the Council demonstrated that it is pro-actively managing its budget where approval was given to re-allocate the budget heading provision to match that of the Heritage Centre following the amalgamation of the Town Council and Heritage Centre accounts into one package to comply with the 'Making Tax

Digital' regulations. Members also agreed to the rebuilding of general reserves which had been depleted.

Payroll Control

Gibbons, Mannington and Phipps prepare the Payroll for Rye Town Council Town Hall and Heritage Centre 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 and copies of the P45 for 2 members of staff leaving their employment were also available.

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.

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. They received and noted the budget monitor and receive reports from the Heritage Centre.

The Town Council has an electronic payment policy in place for a Unity Trust Bank online banking facility. Whilst the invoices requiring payment are raised by an officer of the Council the officer is unable to authorise the payments. This is done by two of the Members of the Council authorising the payments by entering their individual authorisation code online. The Unity Trust Bank account records the name of the signatories who have authorised the transaction. This process replicates that of requiring two members to check invoices against the cheques raised and to sign the cheques and initial the stubs.

Payments were still being made by cheque and there were some cheque stubs that only had 1 initial of a signatory during this financial period on the date of 28th August 2019 cheque numbers 301662 to 301665 and on 26th September 2019 from cheque number 301692 to 301696.

Year-end controls and book-keeping

The financial records for Rye Town Council are 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.

Bank Reconciliations

I spot-checked the bank statements and bank reconciliations statements for the Co-op, Unity Trust, Hodge accounts 1 and 2, National Savings and Investment and Nat West accounts and I did not find any unexplained entries.

The Public Work Loan Board statements were also provided, and the loan is shown on the AGAR Accounting Statements in box 10.

Risk Management

Rye Town Council has insurance in place with Zurich which I was able to view for the period covering 1st April 2019 to 31st March 2020 and a long-term agreement for the policy is active until 1st April 2021. There is also motor vehicle insurance in place.

There is Fidelity Guarantee of £250,000.

Risk assessments of the Council's properties and assets are carried out annually by the Town Clerk and involve other staff members where appropriate.

There are current tenancy agreements in place for 97 South Undercliffe and the Town Hall Cottage.

The Town Council had appointed an 'In House' Data Protection Officer and an external Data Protection Consultant, which was confirmed at the meeting held on 25th June 2018. The Council may wish to consider carrying out an annual review of GDPR to ensure continued compliance which would include information being stored and handled by both the Town Council officers and Members which when reported to a Council meeting and captured in the minutes provides an audit trail. This could include receipt of a report from the independent consultant and assurance that the Data Protection Office remains sufficiently 'independent' of the Council and that there is adequate insurance in place for the Council should there ever be a fine due to a data breach.

I note that the Town Clerk produced an excellent and comprehensive document to Members at the start of the pandemic and Members may wish to include elements of this in their annual risk assessment to establish the way in which they ensure policy of approval of continuation of business under extreme circumstances whilst recognising that this should also enable the Council to be reactive to updates on government advice or as advised by the Town Clerk.

Asset Register

The Asset Register was updated at 31.03.20 and shows the purchase of new office furniture and equipment and the lease of a new Toshiba photocopier and the ceasing of the old copier.

The Total Asset Register value was £1,522,304 which corresponds to the entry in Box 9 of the AGAR. The value for insurance purposes is £4,046,261. I checked the insurance value of high value (e.g. properties) against the insurance schedule and the asset register and did not find any discrepancies.

VAT

On-line Vat Returns for the periods 1st April to 30 June 2019, 1st July to 30th September 2019, 1st October to 31st December 2019 and 1st January to 31st March 2020 have been submitted in good time on a quarterly basis as follows: 29th July 2019, 16th October 2019, 22nd January 2020 and 28th April 2020 respectively.

The VAT records were up to date and VAT appropriately accounted for.

HERITAGE CENTRE

At the Council meeting held on 21st November 2019 a business case to manage the Heritage Centre was considered to mitigate the impact on the Town Council's reserves and the affect this may have on precept setting and the taxpayer. This resulted in an interruption to supporting local voluntary organisations with grants, the consideration of disposal of assets (one being sold which raised a considerable sum) and not immediately filling 2 staff positions.

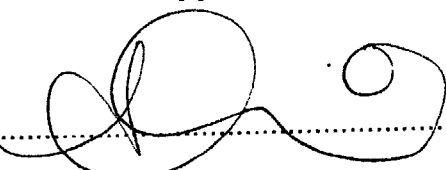
At an additional meeting held on 6th January 2020 it was agreed that the responsibility for the Heritage Centre should pass to a Charity for this purpose from 1st April 2020 with a 5 year tenancy agreement being put in place (12 month break clause) for the peppercorn rent of £1 and that the Town Model be sold to the Heritage Centre Charity for the sum of £1 with a clause that if sold in the future this may be bought back by the Town council for the sum of £1. As part of this arrangement the Visitor Information service would relocate to the Town Hall.

There will be 2 Information Assistants managed by the Deputy Town Clerk and they will provide reception and administrative assistant duties to the Town Council whilst on duty. At quiet times information will be provided to visitors by the Town and Deputy Town Clerks.

I viewed the paperwork required for the Internal Audit process relating to the Heritage Centre which included the Day Sheets, Paid Invoices, Raised Invoices, Bank Statements and Bank Reconciliations, Paying in Books, Cheque Book Stubs all of which were in good order. I have not met with or spoken to any member of the Heritage Centre staff who were in place during the financial year in consideration as part of this audit.

It is evident from reading the Rye Town Council minutes over the financial year 1st April 2019 to 31st March 2020 that the issues surrounding the Heritage Centre would have had a huge impact on the workload and investment of time in research to protect the interest of the Council and in preparing reports for the Town Council for its HR working groups but most specifically for the Town Clerk and Deputy Town Clerk. This may well be reflected in the lack of opportunity for the officers working to resolve these matters .to take their holiday leave due to their additional work load.

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 2019-20 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 17/08/20

Angela Alexander