



Emma James
Town Clerk,
Okehampton Town Council
Town Hall
Fore Street
Okehampton
EX20 1AA

10th November 2022

Dear Emma,

Report on Internal Audit carried out on 8 November 2022

An audit was carried out by Kevin Rose on Tuesday 8 November 2022. This was the interim audit visit, part of the annual internal audit coverage of the Council.

The audit was undertaken using our standard IAC Audit Checklist, used for all Local Councils, which has 197 items. A total of 98 items were tested during this audit, including items that were examined and tested as part of the pre-audit process. 22 additional items were checked and confirmed as being Not Applicable to your Council. The balance of 77 items will be checked during the Year End audit.

Areas subject to audit were;

the accounting system and records (Box A), the payment system (Box B), risk and insurance (Box C), budget and precept setting and monitoring (Box D), income billing, collection and VAT (Box E), petty cash (Box F), assets and investments (Box H), bank reconciliations (Box I), accounting Statements (Box J), the Exercise of Public Rights (Box M), and the publication of the Annual Governance and Accountability Return (Box N).

Of the 98 items tested a Positive response was obtained in respect of 95 tests. There were 3 Negative responses identified, details of which are set out in the attached Interim Internal Audit Observations. A detailed breakdown of our audit testing and Responses is set out in the attached Interim Internal Audit Summary.

The records reviewed were found to be in good order and none of the Observations raised at this stage would give rise to a Negative response in the year end Internal Audit Report.

A detailed breakdown of our audit testing and Responses is set out in our Internal Audit Summary and I would encourage Councillors to review this in order that they may have greater understanding of the scope of the audit and the areas tested.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director

Interim Internal Audit Summary Okehampton Town Council

(shaded Internal Control Objectives are not applicable to your Council)



Interim Audit Date: 8 November 2022

Internal Control Objective		Tested	Positive	Negative	Recommendations
Box A	Appropriate accounting records have been properly kept throughout the financial year.	6	6	0	0
Box B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	30	30	0	0
Box C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	2	2	0	0
Box D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	11	10	1	1
Box E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	19	17	2	2
Box F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	9	9	0	0
Box 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	0	0	0
Box H	Asset and investments registers were complete and accurate and properly maintained.	2	2	0	0
Box I	Periodic bank account reconciliations were properly carried out during the year.	5	5	0	0
Box 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.	2	2	0	0
Box K	If the authority certified itself as exempt from a limited assurance review in 2021/22, 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")	N/A	N/A	N/A	N/A
Box 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.	N/A	N/A	N/A	N/A
Box M	The authority, during the previous year (2021/22) 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).	5	5	0	0
Box N	The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	7	7	0	0
Box O	(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee	N/A	N/A	N/A	N/A
Totals		98	95	3	3

Okehampton Town Council Financial Year 2022-23



IAC Audit and Consultancy Ltd

Audit date: 8 November 2022

Interim Internal Audit Observations

D *The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Does the budget recorded in the Councils accounting system agree to the budget set by Council?	<p><i>The Council has in place a practice of approving the budget prior to setting the precept, as required, however the approved budget is subject to amendments based on the 'rollover' of underspent budgets from the prior year.</i></p> <p><i>At present there is no formal process for these 'rollovers' to be subject to formal Council review and approval.</i></p>	<p>The Council should institute a process for 'rollovers' to be subject to formal Council review and approval prior to them being included in the budget for the year. The approval of the budget, excluding rollovers, for precept purposes should be carried out as currently.</p> <p>As the value of rollovers cannot be precisely determine until the end of the financial year the approval of rollovers should be carried out only once the year end accounts have been finalised. A detailed schedule of the rollovers approved should be retained for audit purposes.</p>	High	

E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Has the Investment Strategy been published on the Councils website?	<p>The Council has not published its Investment Strategy on the Councils website as required by the Statutory Guidance on Local Council Investments.</p> <p>It was also noted that the Councils current Investment Policy refers to the old threshold of £500,000 rather than the current threshold of £100,000.</p>	<p>Council to ensure that its Investment Strategy is published on its website in accordance with statutory guidance.</p> <p>An updated version of the model Investment policy has been provided to the Clerk.</p>	Medium	
2	Is income due on investments subject to regular check and verification? (Is investment performance regularly reported to Council?)	<p>It was noted that the Council has significant bank balances which are held in a number of accounts. The interest rates applicable to each of the accounts is subject to wide variation, with funds earning little or no interest.</p> <p>The Council has already identified the variation in returns on its accounts as an issue and it is understood that the Council is in the process of consolidating its bank balances to improve current returns. The Council has also started to evaluate other options for holding its funds.</p>	<p>The Council should review how it manages its cash and bank balances in future on an ongoing basis with a view to maximising the interest return, subject to the requirements of its Investment Policy.</p> <p>The Council should put in place arrangements for the regular review and reporting, perhaps quarterly or semi annually, of investment performance. This review should be recorded in Minutes of the appropriate meeting.</p>	High	