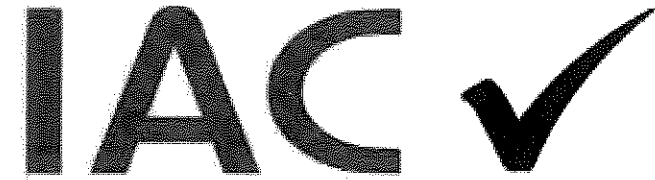


**Tavistock Town Council
Internal Audit Report 2017**



(to be read in conjunction with the attached Internal Audit Observations)

| | Internal Control Objective | Observation | Internal Audit Response |
|----------|--|--|--------------------------------|
| A | <i>Appropriate accounting records have been kept properly throughout the year.</i> | The Council maintains its accounts using the Omega accounting system which is commonly used by Councils of a similar size. The records reviewed were found to be well maintained | Yes |
| B | <i>This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i> | The Council reviewed and updated its Financial Regulations on 10th May 2016 subsequent to a recommendation of the Finance & General Purposes Committee. A test of payments was undertaken during the interim audit, in all cases it was possible to trace the original supporting vouchers | Yes |
| C | <i>This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i> | The Council reviewed Risk at a meeting held in July 2016. Various observations relating to insurance coverage were made following the interim internal audit visit in January 2017. The Council should refer to the Interim Audit Report dated 10th January 2017 | Yes |
| D | <i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i> | The Council set its budget and precept at a meeting held on 19th January 2016. It is understood that the Clerk has undertaken a review of the level of Reserves with the Council's external accountants | Yes |

| | | | |
|---|--|--|-----|
| E | <p><i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i></p> | <p>The Council operates 3 sales ledgers within the Omega system. It was noted that there was a significant improvement in the age profile of the ledgers following actions taken in response to previous internal audit observations. A review of storage income was undertaken during the year end various observations were made. The Council should refer to the Interim Internal Audit Report issued on 10th January 2017</p> | Yes |
| F | <p><i>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i></p> | <p>The Council operates two small petty cash accounts. Cashiers confirmations of the balances, and other cash floats, were obtained as at the end of the financial year</p> | Yes |
| G | <p><i>Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.</i></p> | <p>The Council operates its own payroll using Sage payroll software. An review of payroll transactions was undertaken during the interim audit visit, there were no adverse observations</p> | Yes |
| H | <p><i>Asset and investments registers were complete and accurate and properly maintained.</i></p> | <p>The Council has an asset register. At the date of the audit visit the Council had not updated the register for additions made during the year. The Council should refer to the attached Year End Internal Audit Observations</p> | Yes |
| I | <p><i>Periodic and year-end bank account reconciliations were properly carried out.</i></p> | <p>The Council has undertaken regular reconciliations of its bank accounts which have been subject to independent review</p> | Yes |

| | | | |
|---|---|--|-----|
| J | <p><i>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.</i></p> | <p>The Council reports on an Income and Expenditure basis. Year end debtors and creditors were reviewed. It was noted that the balance on account 183-THI Grant Debtor, represented a claim made in September 2016, the receipt of which had been credited to income rather than to account 183. It was further noted that a year end accrual for this grant had not been made. The net effect of these two errors was that there was an overall difference of approximately £12,000 in the closing balances. Given the size of the Council's balances it was not felt that this difference is sufficient to require a restatement of the year end accounts. <i>The Council should refer to the attached Year End Internal Audit Observations</i></p> | Yes |
| K | <p><i>(For local councils only)</i> <i>Trust funds (including charitable) – The council met its responsibilities as a trustee.</i></p> | <p>The Council does not act as Trustee</p> | N/A |



Kevin Rose ACMA

IAC Audit & Consultancy Ltd

30 June 2017 at 08:03

Tavistock Town Council
Year End Internal Audit Observations 2017



| Audit visit date | Priority | Observation | Recommendation | Status | Comments |
|------------------|----------|---|--|---------|----------|
| 15 May 2017 | H | The Council has an asset register which is prepared by external accountants. At the date of the audit visit the Council did not have an updated copy of the asset register which agreed to the value stated in the Annual Return | The Council must ensure that, in future, it receives the updated asset register prior to adoption of the Accounting Statement (Section 2 of the Annual Return) | Pending | |
| | M | It was noted that there was a difference in the year end accrual in respect of THI Grant funding. this was due to payment received during the year being credited to income rather than to an accrual code 183. An accrual in respect of the year end claim had not been made. the net effect of these two errors was that year end reserves were understated by approximately £12,000. Due to the size of the Councils balance sheet it was not felt that it was necessary to restate the accounts | Council to note | Pending | |