

2023

C5 45 (b)

PREPARED BY
ANGELA
ALEXANDER

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 2022 until 31st March 2023 and that I have been able to complete the Internal Audit section report for the 2022-23 AGAR.

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

I was able to view the Minutes of the Town Council and supporting documents on the Rye Town Council website.

The internal audit was carried out in accordance with Rye Town Council's Internal Audit Plan and the JPAG Practitioners Guide March 2022

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

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

The Annual Governance and Accountability Return (AGAR)

The 2021-22 External auditor report by PKF Littlejohn LLP was given without comment or qualification, showing no cause for concern. Report dated 14th September 2022 and the notice of conclusion of Audit was published on 20th September 2022

The AGAR and supporting documents are published on the Rye Town Council website. At the Council meeting held on 27th June 2022 the AGAR for 2021-22 and the annual accounts were reported and considered and approved by Council Minutes C3, minute number 32.

Members considered and approved as follows:

1. To approve the Risk Assessments and agree further actions identified
2. To approve the Independent Internal Audit Report
3. To approve the review of Internal Controls
4. To approve the updated summary of day to day financial controls
5. To approve the Annual Governance Statement 2021-22 Section 1 of the AGAR
6. To approve the Town Council Accounts 2021-22
7. To approve the Annual Accounting Statements 2021 -22 Section 2 of the AGAR.
8. To agree the appointment of the Independent Internal Auditor for 2022-23
9. To approve the Internal Audit Terms of Reference for 2022-23
10. To approved the Internal Audit Plan for 2022-23

The AGAR 2022-23 was made available for inspection with completed all necessary sections for 2022-23 in readiness to present to Members of Rye Town Council for consideration at the meeting to be held on 26th June 2023.

Box 2 corresponds to the precept request as received by the Town Council being £188,592 and corresponds with banking records, being paid in two parts, and the precept request form sent to Rother District Council. However, only the remittance advice for September 2022 was in the paperwork provided.

The Town Clerk has provided an explanation of difference between boxes 7 and 8 on the AGAR as follows

BOX 8	Cash at bank and in hand	£210,145
	Stock value	2,323
	Debtors/Pre pay	5,192
		7,515
		£217,660
	Less current liabilities/accruals	12,427
BOX 7		£205,233

An explanation of variances must be provided where the differences in boxes for 2021-22 and 2022-23 are greater than 15%.

For the financial years in question, this applies to boxes 3 – total other receipts, 4 staff costs and 6 all other payments.

The Town Clerk has provided detailed explanation for the differences in the boxes above

The Charity Commission Annual Return 2022 has been submitted for the financial period 1st April 2021 to 31st March 2022 for Rye Relief in Need Charity registration number 1075806. The income shown is £600 and spending of £2,215 during this period. The dates of the period for the exercise of public rights of the unaudited Annual Governance and Accountability Return will commence on Monday 3rd July 2023 and end on Friday 11th August 2023. The date of announcement will be 27th June 2023..

Budget/Precept Setting

A considerable amount of work and consideration has gone into the process for setting the budget for 2023-24.

At the meeting of Rye Town Council held on 5th September 2022 the Town Clerk advised against any unbudgeted expenditure with immediate effect and that steps are to be taken to reduce revenue expenditure in 2022-23 and plan to increase income by marketing of wedding ceremonies.

A budget advisory group was set up to help inform the drafting of the 2023-24 budget comprising of the Mayor, Deputy Mayor, 1 other councillor and the Town Clerk and Deputy Town Clerk.

At the meeting held on 17th October 2022 the draft budget 2023-24 the Town Clerk advised that a paper was being prepared to be considered by the budget advisory group, which would address the pressure of inflation on the budget of approx. £29,000 whilst ensuring that the budget reflects and supports the top priorities of the Council. The Council is in discussions with Rother District Council around devolved services, which include the allotments and open spaces and this forms part of the considerations of the Council in their budget setting.

An additional meeting to discuss the budget was held on 21st November 2022 where the Clerk advised that if the Council continues with the current level of operations and inflation costs the budget would increase by approx. £35,000 for 2023-24.

At the Council meeting held on 19th December 2022 the Town Clerk reported that the tax base for Rye Town Council had increased slightly (+2.5).

Five draft budget options were put forward for consideration. For scenario E, this set out the probability that Rother District Council would devolve services over the next few years. In relation to the draft Scenario B the Town Clerk was to take legal advice to see if it is possible to accommodate a grant to the Heritage Centre.

At the meeting on 23rd January 2023, it was agreed that as part of draft budget Scenario E that the Rye Information Point within the Town Hall be closed on 31st March 2023 and that the redundancy process begins. All remaining stock from RIP to be donated to the Heritage Centre at no charge.

The Town Council set its final budget and precept on 6th February 2023 Minute number 108. The precept for 2023-24 was set at £220,490 (an increase of £31,898 on the 2022-23 precept request of £188,592)

There has been regular budget monitoring reported to Council comparing the actual income and expenditure against the approved budget during the financial period. The Account balances and earmarked reserves are regularly reported to Council.

Both the Earmarked reserves and general reserves have been added to and are now at an improved level for the start of the 2023-24 financial year.

Payroll Control

Gibbons, Mannington and Phipps prepare the monthly Payroll for Rye Town Council employees including making the required submissions to HM Revenue & Customs and providing a breakdown of Income Tax and National insurance and the total amount to be paid to HMRC and the due date and also employee payslips

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 have been issued

P45 – details of employees leaving work in Month 12 are on record in line with the closure of the Rye Information Point.

Timesheets are completed by the Rye Information Point and non-clerical staff.

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.

I was able to view the sales invoices which show the income received from the hire of Rye Town Hall for weddings and civic ceremonies, nominal rent for the Heritage Centre, ghost walks and stock for the Heritage Centre, ground rent for the Ferry Road Nursery site, rents for 97 South Undercliff and the Town Hall Cottage, grass cutting services at Love Lane Allotments and services of the Town Crier.

Records of all purchase invoices are available and this includes the Marriage Licence for Rye Town Hall Chamber from East Sussex County Council and the acquisitions for the Asset Register.

An electronic payments policy sets out the procedure for the authorisation of payments.

There are supporting online payment and authorisation reports for the financial period. The payments have been authorised online by Cllrs. Amphill, Gilbert, Hoggart and Rivett.

Two Councillors are required to authorise each payment and this meets the same system as raising cheques for signature by two Members who are authorised by the Council in accordance with the bank mandate in accordance with financial regulations.

The BACS payment reports gives the details of 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

An updated summary of the day-to-day financial controls was approved at the Council meeting on 27th June 2022.

Community Infrastructure Levy payments were received from Rother District Council in respect of refurbishment and change of use of 17-19 Tower Street and a two storey extension to provide 4 residential units at The Kettle of Fish Wish Street for the total amount of £13,973.03

Grant funding for a housing needs survey from Groundwork Trusts UK for the sum of £6,880 was received in January 2023.

Grants have been awarded to local organisations. There is a spreadsheet and supporting documents for the deposits received and donations made for Homes for Ukraine

Rye Town Council has PWLB loan and the outstanding balance of £196,058 is shown in Box 10 of the AGAR (Total borrowings).

Year-end controls and bookkeeping

Gibbons Mannington Phipps have prepared end of year accounts, which will be reported to the Members of Rye Town Council for consideration at their Council meeting to be held on 26th June 2023. The standard of record keeping is comprehensive and in good order.

Bank Reconciliations

I was able to view the Unity Trust Bank current account statements and reconciliations for the financial year April 2022 to March 2023 for Rye Town Council. The closing balance at 31/03/22 was £46,260.69. There is a savings account with Unity Trust and the closing balance was £36,453.21. The Cambridge and Counties Co-op bank closing balance 31/03/23 was £61,139.57. The NS&I investment account balance on the latest statement provided at the time of audit was £86,331.83 on 1st January 2023.

The Hodge (8-day notice account) and the Hodge (90-day notice account) have now both been closed. The Nat West current and reserve accounts which were used by the Rye Heritage Centre has also been closed.

Checks of the bank statements and reconciliations took place and I did not find any unexplained entries.

Risk Management

The Deputy Town Clerk has prepared an excellent risk management strategy document to identify evaluate and control risks to the organisation through good governance and prudent financial management.

There are separate risk assessment forms for management of risk to the Rye Town Steward Team when carrying out their tasks including working alone. Dynamic risk assessments before starting a task are also recommended within the Risk Assessment. Rye Town Council has insurance in place with Zurich under a long-term agreement which is in place until 1st April 2024 and I was able to view the Policy Schedule covering the period from 1st April 2022 until 31st March 2023. The buildings are insured and contents where relevant. The regalia, skateboard equipment, and street furniture are all covered on the insurance.

There is a hire agreement in place with Grenke for a Toshiba photocopier, which is also covered under the insurance with Zurich.

There is also motor vehicle insurance in place with Zurich.

There is Fidelity Guarantee of £250,000.

There are current tenancy agreements in place for 97 South Undercliffe entered into on 5th June 2022 – the Town Council considered a matter relating to the tenancy at the meeting on 17th October 2022 and reached a decision on this matter at minute 110 at the meeting held on 6th February 2023. There is also a tenancy agreement for the Town Hall Cottage entered into in July 2019.

The Town Council has reviewed Standing Orders and at the meeting held on 5th September 2022 adopted the NALC recommended amendments for financial controls and procurements.

Asset Register

The Asset Register was updated at 31.03.23 and amended. The acquisitions listed during the financial year have been included in the updated register as follows: Maypole trailer, Karcher power washer, Shelving, Gopak tables and a Dewalt hedge trimmer.

The total Asset Register value is £1,484,260 which is in agreement with the amount in box 9 of the AGAR.

The value of the assets for insurance purposes is £4,054,973.

VAT

The VAT records were up to date and VAT appropriately accounted for and includes the takings from the Rye Information Point.

Rye Town Council is using QuickBooks software to comply with Making Tax digital requirements.

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 2022-23 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. I was therefore able to complete the Internal Audit report 2022-23

Signed.......... Date.....19/06/2023.....
Angela Alexander