

Committee: FULL COUNCIL

Date: 20 June 2023

Title: Internal Auditor's report 2022/23

Purpose of Report

For Members to receive and accept the Internal Auditor's report

Recommendation:

Members are asked to formally note the internal auditor's reports and resolve to approve the Town Clerk's responses to both the Interim Report and the End of Year Report for 2022-2023.

Background:

1. The Internal Audit is an important part of the council's governance and managerial framework and, as such, it is important that the Town Clerk takes responsibility for any observations and recommendations arising from the internal auditor's visits.
2. Mr Kevin Rose from IAC Audit and Consultancy Ltd was appointed by Full Council as the Council's auditor for the first time at its Full Council Meeting on 15 February 2022 for a period of 3 years. **(Minute 1166)**.
3. In his proposal to the council Mr Rose estimated that he would need two days per year to carry out his audit, which would include a visit after year end to conclude the arrangements in respect of the year end. He visited the offices on the 14 November 2022 and on the 25 May 2023 when he completed his end of year checks.
4. The internal auditor's remit is to establish there is proper book-keeping, risk management arrangements, bank reconciliation and year end procedures, and controls area in place for payments, budgets, income, petty cash and assets.

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5. Mr Rose carried out his first visit to the Council on the 14 November 2023 and this visit and his subsequent Interim Audit Observations were reported to Members at the 17 January 2023 Full Council Meeting. The interim report observations along with the Town Clerks' comments have been provided in **Appendix 11A**.
6. Following his visit on the 25 May 2023 Mr Rose issued a Report on Internal Audit cover letter. **Appendix 11B**.
7. Mr Rose issued a "Year End Internal Audit Observations" report at **Appendix 11C**. In the report, 5 observations were made of which Mr Rose identified one high priority and four medium priority observations. As required the Town

Clerk has made comments on each of these observations and these can be seen in the Appendix.

8. Action is being taken at this meeting to address observations **G1**, any other observations will be addressed in the coming months.
9. In respect of observation **C1**, an email has been sent to Ilminster Sports Club Ltd requesting a copy of their insurance.
10. The three observations relating to Fixed Assets: **H1** the trade in value for the tractor was recorded as a credit to the expenditure budget heading rather than recorded as income. The AGAR figure for Income and Expenditure have both been increased by £10,000. Observation **H2** relates to regular checking of fixed assets. This will be improved over the coming months. Observation **H3** relates to the AdvantEdge accounting software producing different total values of fixed assets. The company are investigating.
11. Members are asked to formally note both of the Internal Auditor's reports and resolve to approve the Town Clerk's responses to both the Interim Report and the End of Year Report for 2022-2023.

Julie Earp
Deputy Town Clerk
June 2023