



FINAL

Internal audit report 2020/21

Visit 3 of 5

# SWANAGE TOWN COUNCIL

Date: 23<sup>rd</sup> February 2021

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## **Introduction**

This report contains a note of the audit recommendations made to Swanage Town Council following the carrying out of internal audit testing on site and remotely on the 1<sup>st</sup>, 2<sup>nd</sup>, 4<sup>th</sup> December 2020, and 15<sup>th</sup> and 18<sup>th</sup> February 2021.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', with additional tests specific to the Council as agreed with the Town Clerk and Finance Manager.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

## **Audit Opinion**

As this audit report is an interim one, no audit opinion is offered at this stage.

The report issued after the final visit for 2020/21 (which will be in May 2021) will contain the audit opinion and a summary of all the high and medium level findings and recommendations made during the 2020/21 audit year.

The following areas were reviewed during this audit visit:

1. Risk Management (work in progress)
2. Budgetary Control (work in progress)
3. Income generally, and with a specific focus on:
  - a. Car parks (work in progress)
  - b. Lease income (work in progress)

## Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.  
Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	0
Medium	2
Low	1
Info	0
TOTAL	3

I would like to thank Martin Ayres, Town Clerk; Alison Spencer, Finance Manager; Culvin Milmer, Visitor Services Manager; Stephen Morgan, Finance Officer; and the Visitor Services team for their assistance during this audit.

**Darkin Miller ~ Chartered Accountants**  
**2020/21 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL**  
**FINAL REPORT VISIT 3 OF 5: 23<sup>rd</sup> FEBRUARY 2021**

**Appendix 1 – Recommendations and Action Plan**

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
5.1 – File credit notes once authorised	<p>I checked to see that credit notes and write offs are fully explained, properly authorised and for the correct amount. I found that there had been no write-offs during 20/21 to the date of the audit (01/12/20), but that there had been 13 Credit Notes issued, 7 to correct the VAT levied on the original invoice (which has no implications for the Council's net income), 3 cancelled due to the service not being provided, 1 to give a partial refund where the customer had paid for a full year's parking permit but (due to coronavirus) was not able to use their permit during the lockdown, and 2 to amend the income relating to car parks which required a small recalculation after the initial income was brought into the accounts. All were fully explained and for the correct amount.</p> <p>8/13 signed credit notes were on file. 2/13 signed credit notes were held by the Finance Manager pending filing. 3/13 had been returned in error to the Administration Officer who had requested the amendments.</p> <p>I recommend that all credit notes are signed and</p>	L	<p>There have been some difficulties with working from home and relocating within the Town Hall for social distancing purposes. This has meant that files are not always readily to hand.</p> <p>Finance officers will endeavour to file credit notes promptly when working from the office.</p>	TH3	With immediate effect

	promptly filed in order to preserve the audit trail relating to credit notes.				
15.11 – Stationery control sheet	<p>I checked to see that a sample of monies collected by attendants are fully accounted for. I found that receipts are issued from a series of receipt books, some of which are held by the TIC, and some held by the Seafront Advisors. The receipt books provided during the audit numbered 10-17 excluding books 11 and 12 (which could not be located). Book 10 was held by the TIC and started 27/08/18. Book 13 was held by the seafront advisors, and started 15/06/20. Given the Boat Park was closed due to the coronavirus lockdown from 17/03/20 – 13/06/20, it is possible that books 11 and 12 relate to prior years and have been archived. Total launch fees to 31/08/20 were £3.5k (vs £3.9k at the same point last year) which is broadly in line given the unpredictable impact of the pandemic.</p> <p>The Council maintains a controlled stationery register which shows the book number, start and finish ticket numbers, with space to record the signing out and signing back in of the stationery (name/signature, and date). The register shows books 11 and 12 being signed out in August 2019, but not their return.</p> <p>I recommend that staff are reminded that controlled stationery should be returned to the</p>	M	Agreed.	TIC1	April 2021

	Town Hall once all tickets are issued, or at the end of the season (if appropriate), in order to ensure that the audit trail is maintained.				
18.1 – Consider operational model for markets, and inclusion of expenditure budget 21/22	<p>I checked to see that the results from the operation of the Town Market are consistent year on year, and with budget. I found that there was a budget of £7.5k income for the 20/21 year, but no expenditure budget (due to the fact that the Council has, in the recent past, used a market operator who paid over a fee to run the market). During 2019/20 the Council ran a winter market with licences in place for stallholders on a periodic basis. The market operator did not return during 20/21, so the Council brought the market operation back in-house. Total income as at 18/02/21 was £9.6k, against £7.0k for 2019/20. Costs of £1060 were incurred in 2020 per the Finance Manager, leaving a net receipt of £8.5k for 20/21.</p> <p>I recommend that the Council considers whether to return to the in-house operation of the market on a permanent basis. If the Council decides to do so, I recommend that the 21/22 budget includes a budget for market wages.</p>	M	Agreed	TIC1	January 2021