

Do the Numbers Limited

19th December 2019

Janet Stanton, Clerk
Fleet Town Council
The Harlington Centre
Fleet,
GU51 4BY

Dear Janet,

Subject: Review of matters arising from interim Internal Audit 2019/20

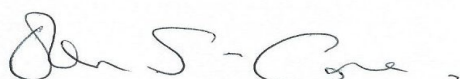
Further to my recent visits to the office please find below a summary list of matters arising. The second visit focused on VAT relating to events and hall hire. The items listed are primarily opportunities for further improvement.

Overall I found the systems and records of the council to be in excellent order.

Control area	Issue	Recommended Action
Staff changes	The role of minute clerk is now filled by a new member of staff, but no advance minute of this was clear	Where contracted (as against casual) staff are replaced, there should always be a clear minute of the new employees terms
AGAR approval	It was not absolutely clear from the minutes that the Governance statement was approved in advance of the Accounting Statements	This is an area where the External Auditors are required to be pedantic by the NAO. Absolute clarity of minuting should be ensured.
Reports to finance meetings	The reports being presented to members are not those which provide the clearest overview of the position of the council. <i>(also raised last year)</i>	The statutory I&E and balance sheet and the Annual return financial summary provide the most information in the least pages.
Earmarked reserves	Some of the balances set up as EMR do not met the current guidance for capital projects, particularly those relating to wages.	Revenue costs such as wages increments should always be covered from general reserves. All earmarked reserves should have a date by which they will be fully spent and closed.
Harlington hirers VAT charges	Following a dispute with a hirer and extensive correspondence with HMRC, some of the contract paperwork and procedures need to be strengthened.	The council has no liability to any party as a result of the dispute, but administration time will be saved by following the notes below

Please find enclosed my invoice for the agreed interim fee. If either you or your members have any queries, please do not hesitate to contact me.

Regards



Eleanor S Greene

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37 Upper Brownhill Road, Southampton, SO16 5NG, 023 8077 2341

Registered in England No. 7871759

Director: Eleanor S Greene

Notes on Harlington Hire systems particularly pertaining to VAT

The Harlington building has opted to tax because the maintenance costs are significantly in excess of the de minimis limit.

Therefore all hall hire charges are billed with VAT on top of the stated fee except for those where the hirer can prove in advance of booking that they are a charity carrying out charitable activities.

Following the discussions with HMRC regarding VAT on a seasonal event, certain adjustments to all FTC contract paperwork need to be made.

(a) In the terms for all hires, it must be stated that all hirers are responsible for accounting for Income Taxes on any turnover allocated to them and VAT at their applicable rate.

(b) In any booking where the FTC box office is used, the 5% commission which include VAT (as it is a service charge separate from room hire) should be clearly stated on the booking form / hire contract.

(c) Where a hirer pays to rent the venue and use the FTC box office but all turnover risk lies with them, the value of ticket sales is not part of Fleet Town Council's income and is thus not subject to VAT before it is paid across to the hirer

(d) A **decision tree** of the VAT status has been drawn up which should assist in VAT deduction calculations

After events, all balance sheet accounts should be reconciled without delay – the target should be 30 days with an absolute maximum of 90 days.

At present all after event paperwork falls to the Centre Manager rather than the finance team.

- (1) The Centre manager ensures that copies of all contracts and terms are held in the appropriate directory in advance of the event.
- (2) The box office report should be downloaded to that directory within five days of any event.
- (3) All paid performers should be asked to submit their bills within 20 days of the event so that accounts can be settled and ticket sales released to FTC turnover within the appropriate timescale.
- (4) All ticket split performers should be asked to submit their bill as soon as the calculation has been made so that the FTC turnover fraction can be accounted for in a timely manner
- (5) No funds should be paid to any performer without an agreed contract / venue hire form on file in the relevant directory.
- (6) All hirers who have used the box office should be asked to submit their ticket sales bill within 10 days so that the FTC box office fee can be accounted for in turnover without delay.

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14th May 2020

Janet Stanton, Clerk
Fleet Town Council
The Harlington Centre
Fleet,
GU51 4BY

Dear Janet,

Subject: Review of matters arising from Internal Audit 2019/20

Further to my visits to the office yesterday and earlier in the financial year, please find below a summary list of matters arising. The review was completed during COVID lockdown and appropriate allowance has been made for such.

Overall I found the systems and records of the council to be in excellent order.

Control area	Issue	Recommended Action
Staff changes	The role of minute clerk is now filled by a new member of staff, but no advance minute of this was clear	Where contracted (as against casual) staff are replaced, there should always be a clear minute of the new employees terms
AGAR approval	It was not absolutely clear from the minutes that the Governance statement was approved in advance of the Accounting Statements	The 2020 Practitioners Guide has returned to a more prescriptive approach and thus a clear full council minute of approving section 1 and then section 2 should be made.
Contracts and procurement	It does not appear that the name of a winning contractor was publicly minuted when the tender was approved.	Under the Transparency code, the names of all contract winners must be clearly stated (Para 32)
Earmarked reserves	Some of the balances set up as EMR do not met the current guidance for capital projects, particularly those relating to wages.	Revenue costs such as wages increments should always be covered from general reserves. Paragraph 5.33 in the link above provides further guidance.
Policy review dates	The council by necessity has a large number of policies and the dates on which each was last reviewed are hard for the public to track.	Each time a policy or standard document is uploaded to the website, it may be useful to add the date to the link title.
Website updates	There are various pages on the website that need reviewing in advance of the accessibility regulations this autumn.	While members are still in lockdown, they could review the requirements of the Transparency code (Page 28 here) and notify officers of any updates needed.

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Precept value	The precept of a Town council is a fixed amount and not subject to Band D capping or other tax base variations made by the larger authorities.	When the next precept is set a focus on monetary rather than percentage changes may be beneficial.
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Do the Numbers Limited

15th May 2019

Janet Stanton, Clerk
Fleet Town Council
The Harlington Centre
Fleet,
GU51 4BY

Dear Janet,

Subject: Review of matters arising from Internal Audit for the year to 31/03/19

Further to my visits to the office today and earlier in the year, please find below a list of matters arising.

Overall I found the systems and records of the council to be in excellent order.

Control area	Issue	Recommended Action
Banking service	A significant cheque to transfer funds from the current account to a deposit account was stopped by the bank for no clear reason. The bank has not facilitated the move from cheques to electronic banking. The compensation of £100 so far offered in no way compensates the council for the amount of officer time expended rectifying bank errors.	The council should request that their contact members of staff are altered without delay, that appropriate compensation for the cost and embarrassment of bounced cheques is received, and that it is made clear to HSBC that the current level of service is not acceptable.
Electronic payments	The council has still not effected the change to electronic payments.	This should be done without further delay.
Asset register	There was a minor discrepancy on the asset register where the formula had not been updated to include additions. Inherited assets are currently included at nil rather than nominal value which increases the risk of accidental deletion.	All spreadsheet formulae should be checked by hash totals. Transferred items should be shown at £1 so that they can be better tracked.
RBS Omega Accounting software	The council is still using the legacy software from RBS, awaiting transfer to Rialtas, several years after the planned date.	Members should assure themselves that a clear upgrade date is agreed in writing with the supplier.
MTD for VAT	The current accounting software is not compatible with MTD for VAT.	In advance of the October deadline, the new software should be up and running and tested.

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PAYE	The council has been notified by HMRC that there is a difference of £4667.94 on the HMRC account. No clear explanation has been forthcoming from the payroll bureau.	A clear explanation of how the difference arose, in which month it occurred and how it will be resolved, should be received by return.
VAT contingency	The council is in dispute with a hall hirer over the VAT status of certain transactions. Appropriate specialist advice is being followed.	Resolving this issue will continue to expend officer time but should result in minimal financial risk to the council (contingent liability)
Reports to finance meetings	The reports being presented to members are not those which provide the clearest overview of the position of the council.	The statutory I&E and balance sheet and the Annual return financial summary provide the most information in the least pages.
Earmarked reserves	Some of the balances set up as EMR do not meet the current guidance for capital projects, particularly those relating to wages.	Revenue costs such as wages increments should always be covered from general reserves. All earmarked reserves should have a date by which they will be fully spent and closed.

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