



# Black Rose Solutions Limited

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17<sup>th</sup> May 2019

Dear Les,

## **Stone Town Council – Internal Audit 2018/19**

I confirm that I have carried out an examination of your accounts and procedures, in accordance with the requirements of the Accounts and Audit Regulations 2015.

I can state that I have no major concerns and nothing significant to report (minor observations included in attached report).

I would also confirm that I am totally independent of your Council and have no conflicts of interest arising, at any level, from association with any Member, employee or supplier.

Yours sincerely,

Mrs Sandra Morris ACMA



<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	YES
<p>Does a review of the minutes identify any unusual financial activity? no</p> <p>Do minutes record the council carrying out an annual risk assessment? yes</p> <p>Is Insurance cover appropriate and adequate? yes</p> <p>Are internal financial controls documented and regularly reviewed? yes</p> <p>Financial controls are documented in the Financial Regulations, which are reviewed regularly - most recently by the General Purposes Committee in June 2018.</p> <p>The council has a comprehensive risk assessment policy in place which is reviewed annually (5th April 2019).</p> <p>Insurance is held with Zurich.</p>	

<b>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b>	YES
<p>Has the council prepared an annual budget in support of its precept? yes</p> <p>Is actual expenditure against the budget regularly reported to the council? yes</p> <p>Are there any significant unexplained variances from budget? no</p> <p>The council has a comprehensive budgetary process. Progress against budget is regularly reported to council with all variances and required virements well documented.</p>	

<b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b>	YES
<p>Is income properly recorded and promptly banked? yes</p> <p>Does the precept recorded agree to the Council Tax authorities notification yes</p> <p>Are security controls over cash and near-cash adequate and effective? yes</p> <p>Is the council VAT registered? Are returns submitted in a timely manner. yes,yes</p> <p>Various income streams are received by the council - hire of rooms, market income etc. These are banked in a timely manner (within a few days for small values, kept locked in a safe until banked). Various independent, manual verifications and double checks are in place. Receipts are given for cash received, and checked to to banked amounts.</p> <p>Review of minutes shows that room hire rates are periodically reviewed and updated as appropriate.</p> <p>The council is registered for VAT due the decision to opt to tax one of the buildings in order to reclaim VAT on refurbishment costs.</p> <p>VAT is charged on Station Community Centre and various mayoral events. It is not charged on the Frank Jordan Centre (exempt) or Market Stalls or Allotments (non-business).</p> <p>A partial exemption calculation is performed to ensure that input VAT on exempt supplies is below the deminimis amounts.</p>	

<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>	N/a
<p>Is all petty cash spent recorded and supported by VAT invoices/receipts? n/a</p> <p>Is petty cash expenditure reported to each council meeting? n/a</p> <p>Is petty cash reimbursement carried out regularly? n/a</p> <p>The council no longer holds petty cash. When necessary, items are purchased by staff and reimbursed via expenses. This has been updated in Financial Regulations.</p>	

<b>G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</b>	YES
<p>Do all employees have contracts or employment with clear terms and conditions? yes</p> <p>Do salaries paid agree with those approved by the council? yes</p> <p>Are other payments to employees reasonable and approved by the council? yes</p> <p>Have PAYE/NIC been properly operated by the council as an employer? yes</p> <p>Employees are paid via Sage Payroll and NI &amp; PAYE is properly operated. Review of the minutes demonstrated procedures for agreeing job descriptions, contracts and pay rates.</p>	

<b>I. Periodic and year-end bank account reconciliations were properly carried out.</b>	YES
<p>Is there a bank reconciliation for each account? yes</p> <p>Is a bank reconciliation carried out regularly and in a timely fashion? yes</p> <p>Are there any unexplained balancing entries in any reconciliation? no</p> <p>Is the value of investments held summarised on the reconciliation? tbc</p> <p>The current account is reconciled monthly, the business/savings account is reconciled quarterly, all other accounts are reconciled annually - reconciliations are signed off by 2 councillors.</p> <p>The business/savings account only has movements from/to the current account, so quarterly reconciliation seems adequate. All other accounts rarely have movements except for interest payments.</p> <p>Final balances for all accounts will be reviewed during my final visit.</p>	

<b>J. 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.</b>	YES
<p>Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ? Income and Expenditure</p> <p>Do accounts agree with the cashbook? yes</p> <p>Is there an audit trail from underlying financial records to the accounts? yes</p> <p>Where appropriate, have debtors and creditors been properly recorded? yes</p>	

<b>K. Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	YES						
<p>The council is trustee of two charities</p> <table border="0"> <tr> <td>Town Hall Charity</td> <td>505718</td> <td>Sole Trustee</td> </tr> <tr> <td>Richard Vernon Trust</td> <td>236666</td> <td>3 councillors appointed.</td> </tr> </table> <p>Filings for both are up to date on the charity commission website. Both have minuted meetings separate from council business and separate bank accounts.</p> <p>There is an issue with out of date signatories on the Richard Vernon Trust bank account, attempts to resolve this are underway. It may be useful to include a review of bank signatories with the annual review of Trustees to avoid future issues.</p>	Town Hall Charity	505718	Sole Trustee	Richard Vernon Trust	236666	3 councillors appointed.	R
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## Other Areas Covered

<b>Fixed Assets Register</b>	YES						
<table border="0"> <tr> <td>Does the council maintain a register of all material assets owned or in its care?</td> <td>yes</td> </tr> <tr> <td>Are the assets and investments registers up to date?</td> <td>yes</td> </tr> <tr> <td>Do asset insurance valuations agree with those in the asset register?</td> <td>yes</td> </tr> </table> <p>The council holds a comprehensive Asset Register in an excel spreadsheet. The purposes of holding a fixed asset register include a) to be able to demonstrate (and ensure) continuity of ownership, b) to keep a record of values in terms of insurance and risk appraisal, c) to assist in risk assessments over the risks posed to or by those assets.</p>	Does the council maintain a register of all material assets owned or in its care?	yes	Are the assets and investments registers up to date?	yes	Do asset insurance valuations agree with those in the asset register?	yes	
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<b>Data Protection</b>	YES						
<table border="0"> <tr> <td>Date of policy review</td> <td>May-18</td> </tr> <tr> <td>ICO Registration</td> <td>A8195831</td> </tr> <tr> <td>GDPR</td> <td>Policies in Place</td> </tr> </table>	Date of policy review	May-18	ICO Registration	A8195831	GDPR	Policies in Place	
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# Annual Internal Audit Report 2018/19

## STONE TOWN COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. 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.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)			✓
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
	✓		

No petty cash

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

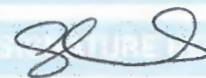
Date(s) internal audit undertaken

12/12/18 15/05/19

Name of person who carried out the internal audit

SANDRA MORRIS ACMA

Signature of person who carried out the internal audit



Date

15/05/19

\*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).