

Annual Internal Audit Report 2020/21

ENTER NAME OF AUTHORITY
Stone Town Council

www.stonetowncouncil.gov.uk PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 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	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. NO PETTY CASH HELD			✓
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 bank account reconciliations were properly carried out during the year.	✓		
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 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")			✓
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✓
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes ✓	No 	Not applicable

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

Name of person who carried out the internal audit

07/06/2021 DD/MM/YYYY DD/MM/YYYY

ENT SANDRA MORRIS ACMA

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

07/06/2021

*If the response is 'no' please 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).



Black Rose Solutions Limited

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13th June 2021

Dear Les,

Stone Town Council – Internal Audit 2020/21

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 significant concerns about your internal control procedures (minor observations detailed in attached report) I found no material errors, omissions or irregularities in your financial records.

I would also confirm that I am totally independent of your Council and have no contact with any Member, employee or supplier.

Yours sincerely,

Mrs Sandra Morris ACMA

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council Stone Town Council

Date of Audit 7th June 2021

Annual Return - Internal Control Objectives

A. Appropriate accounting records have been properly kept throughout the financial year.	YES
Is the cashbook maintained and up to date? yes	
Is the cashbook arithmetic correct? yes	
Is the cashbook regularly balanced? yes	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES
Are payments supported by invoices? yes	
Is all expenditure approved? yes	
Is VAT appropriately accounted for? yes	
Does the Council hold Power of Competence? yes	
If not, does the council monitor s137 expenditure against limit? n/a	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
Does a review of the minutes identify any unusual financial activity? no	
Do minutes record the council carrying out an annual risk assessment? Jan-21	
Is Insurance cover appropriate and adequate? yes	
Are internal financial controls documented and regularly reviewed? yes	
Date of update Financial Regs Jun-19	
Date of Update Standing Orders Jun-19	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
Has the council prepared an annual budget in support of its precept? yes	
Is actual expenditure against the budget regularly reported to the yes	
Are there any significant unexplained variances from budget? no	
Are reserves appropriate? yes	
The council has a comprehensive budgetary process. Progress against budget is regularly reported to council with all variances and required virements well documented.	

13/06/2021

E. Expected income was fully received, based on correct prices, properly recorded and	YES
Is income properly recorded and promptly banked?	yes
Does the precept recorded agree to the Council Tax authority's notification?	yes
Are security controls over cash and near-cash adequate and effective?	yes
Is the council VAT registered?	yes
Are returns submitted in a timely manner.	yes
Is VAT reclaimed on exempt business activities reviewed and considered	yes
Are receipts for business activities within the registration threshold?	n/a
Various income streams are received by the council - hire of rooms, market income etc. Various independent, manual verifications and double checks are in place. As a further check it is suggested that a spreadsheet used to monitor market stall bookings be shared with other local staff to allow additional visibility and checking.	Note
A partial exemption calculation is performed to ensure that input VAT on exempt supplies is below the de minimis amounts.	

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/a
Is all petty cash spent recorded and supported by VAT invoices/receipts?	
Is petty cash expenditure reported to each council meeting?	
Is petty cash reimbursement carried out regularly?	
No petty cash is held.	

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.	YES
Do all employees have contracts or employment with clear terms and	yes
Do salaries paid agree with those approved by the council?	yes
Are other payments to employees reasonable and approved by the	yes
Have PAYE/NIC been properly operated by the council as an employer?	yes
Employees are paid via Sage Payroll and NI & PAYE is properly operated.	
Off payroll working (IR35) obligations were discussed with the Clerk and Deputy Clerk - no issues were noted. The council could consider keeping a list of all "personal service providers" with notes and evidence of status determination where applicable.	Note

H. Asset and investments registers were complete and accurate and properly maintained.	YES
Does the council maintain a register of all material assets owned or in its	yes
Are the assets and investments registers up to date?	yes
Do asset insurance valuations agree with those in the asset register?	yes

I. Periodic and year-end bank account reconciliations were properly carried out.	YES
Is there a bank reconciliation for each account?	yes
Is a bank reconciliation carried out regularly and in a timely fashion and	yes
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation?	n/a

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.	YES
Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ?	I&E
Are debtors and creditors properly recorded?	yes
Do accounts agree with the cashbook?	yes
Is there an audit trail from underlying financial records to the accounts?	yes

K. If the authority certified itself as exempt from a limited assurance review, it met the exemption criteria and correctly certified itself exempt	N/a
The council did not certify itself exempt.	

L. If the authority has an annual turnover not exceeding £25,000 it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency Code for smaller authorities	N/a
The council has turnover exceeding £25,000	

M. The authority has demonstrated that during summer 2020 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	YES*
Date from	24/08/2020
Date to	05/10/2020
The council provided 30 days as required. There were, however, issues reported by external audit regarding publication dates.	

N. The authority has complied with the publication requirements for 2019/20 AGAR.		YES
Notice of Period for Exercise of Electors Rights	yes	
Section 1 Annual Governance Statement	yes	
Section 2 Accounting Statements	yes	
Notice of Conclusion of Audit	yes	
Section 3 External Audit Report & Certificate	yes	
Internal Audit Report	yes	

O. Trust funds (including charitable) – The council met its responsibilities as a trustee.		YES
The council is trustee of two charities		
Town Hall Charity	505718	Sole Trustee
Richard Vernon Trust	236666	3 councillors appointed.
Filings for both are up to date on the charity commission website. Both have minuted meetings separate from council business and separate bank accounts.		