

Annual Internal Audit Report 2021/22

ENTIRELY PUBLICLY AVAILABLE WEBSITE/PAGE ADDRESS
Stone Town Council

www.stonetonecouncil.gov.uk

During the financial year ended 31 March 2022, 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 2021/22 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.			✓
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 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M. The authority, during the previous year (2020-21) 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 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		

See Internal Audit report

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

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

16/02/2022 17/05/2022 DDMMYYYY

S. MORRIS IACMA AUDITOR

Signature of person who carried out the internal audit

 REQUIRED

Date

17/05/2022

*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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17th May 2022

Dear Les,

Stone Town Council – Internal Audit 2021/22

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

17th May 2022 (and 16th February 2022)

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?	yes*
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
Date of review/update Financial Regs	05/10/2021
Date of review/update Standing Orders	05/10/2021
The council has comprehensive Risk Assessment procedures in place, however the annual, external H&S review is overdue (due to Covid and other scheduling issues). This delay is mitigated by regular review of risk assessments from individual events being submitted to the Event Safety Advisory Group.	

18/05/2022

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 council?	yes
Are there any significant unexplained variances from budget?	no
Are reserves appropriate?	yes
<p>There are £121,798 of earmarked reserves, leaving £311,662 of general reserves. This is approximately 9 months of expenditure/income. The 3 year budget shows general reserves of between 3 and 5 months. Current advice is that councils with income over £200k, should be tending towards the lower end of the recommended range of 3 to 12 months of NRE (Net revenue expenditure). (Practitioners Guide 5.34).</p>	

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	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 insignificant?	yes
Are receipts for business activities within the registration threshold?	n/a

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 conditions?	yes
Do salaries paid agree with those approved by the council?	yes
Are other payments to employees reasonable and approved by the council?	yes
Have PAYE/NIC been properly operated by the council as an employer?	yes
Does line 4 include only Salary, NI & Pension	yes

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 care?	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 approved by council?	yes*
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation?	n/a
The council's investment policy states that no more than £75k will be held with any one bank in line with FSCS limits. However this has not been actioned, and reserves are held with a single bank. The council should consider updating the policy to reflect current practices.	note
The bank is reconciled and the cashbook regularly balanced by the Deputy Town Clerk, however the documentation to evidence this had on occasion been produced in bulk a few months later. Bank reconciliations had all been reviewed by two councillors and signed off on 8/2/22. At the time of audit the February and March bank reconciliations had not been signed off. It is suggested that in times when such delays are unavoidable, a summary/brief review (bank statement to cash book) is performed and evidenced on a regular basis by the Town Clerk.	rec

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

L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with any relevant Transparency Code requirements	YES
Transparency Code for Larger Authorities (income/expenditure >£200k)	
Quarterly:-	
All items of expenditure above £500	yes
Government Procurement Card transactions	n/a
Procurement information (initiations to tender > £5k)	yes
Annually:-	
local authority land	yes
social housing assets	n/a
grants to voluntary, community and social enterprise organisations	yes
organisation chart	yes
trade union facility time	n/a
parking account	n/a
parking spaces	n/a
senior salaries (>£50k)	n/a
constitution (standing orders)	yes
pay multiple	n/a
social housing fraud	n/a
One off:-	
Waste contracts	n/a
The council falls into large authority thresholds for Transparency requirements, so the code details what should be published.	

M. The authority has demonstrated that during summer 2021 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	NO*
Publication Date	09/07/2021
Date from	12/07/2021
Date to	20/08/2021
Due to a Coronavirus Outbreak it was not possible for the council to comply with the requirement to provide Electors with a period of 30 days including the first 10 days of July. However, the council sought and followed the advice given by the External Auditors.	

N. The authority has complied with the publication requirements for 2020/21 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.	