

Annual Internal Audit Report 2022/23

ENTRANT: Stone Town Council

https://www.stonetowncouncil.gov.uk/ AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2023, 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 2022/23 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 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		

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

15/03/2023 17/05/2023 DD/MM/YYYY

S. MORRIS IACMA AUDITOR

Signature of person who carried out the internal audit



Date

17/05/2023

*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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19th May 2023

Dear Les,

Stone Town Council – Internal Audit 2022/23

I confirm that I have carried out an examination of your accounts and procedures, in line with the Practitioners Guide 2022 and in accordance with the requirements of the Accounts and Audit Regulations 2015.

I can state that I found no material errors, omissions or irregularities in your financial records and I have no significant concerns about your internal control procedures.

Please refer to the enclosed report for further details of the audit work covered.
Comments marked "Rec" denote an issue recommended for action as it may affect the Internal Audit response on the AGAR (Annual Governance and Accounting Return).
Comments marked "note" are included for reference or information.

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

Yours sincerely,

S Morris

Mrs Sandra Morris ACMA

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Stone Town Council**

Date of Audit - **17th May 2023 (and 15th March 2023)**

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	
The council uses the Sage accounting system, no errors or omissions were noted		
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	
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	
		Review
Risk Assessment		Apr-23
Financial Regulations		Mar-23
Standing Orders		Mar-23

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	
Earmarked Reserves	313,144	
General Reserves	210,157	
Months of Income	6	
Months of expenditure	7	
The council is within guidance thresholds for General Reserves (cash flow and contingency) of 3 to 12 months of Net Revenue Expenditure		

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	

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		N/a
The council holds no petty cash		

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 makes BACS payments on the sole authorisation of the deputy clerk (within budgeted approvals, and all retrospectively approved by a meeting). There is no longer a requirement for dual approval of payments on condition that robust alternative measures are in place. A timely review of bank reconciliations by a person independent of their creation is an important safeguard that error or fraud would be detected in a timely manner.	note	
The council's investment policy states that no more than £75k will be held with any one bank in line with FSCS limits. This has not been actioned, and significant reserves are held with a single bank. However, a large part of the funds are being held regarding a single project which will be completed imminently, bringing balances back in line.	note	
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. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.		YES
All councils - Accounts and Audit Regulations 2015 Accounts remain pulished for 5 years	yes	
Transparency Code for Larger Authorities (income/expenditure >£200k) Quarterly:- All items of expenditure above £500 Government Procurement Card transactions Procurement information (initiations to tender > £5k)	yes n/a yes	
Annually:- local authority land social housing assets grants to voluntary, community and social enterprise organisations organisation chart trade union facility time parking account parking spaces senior salaries (>£50k) constitution (standing orders) pay multiple social housing fraud	yes n/a yes yes n/a n/a n/a n/a yes n/a 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 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)		YES

N. The authority has complied with the publication requirements for 2021/22 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, finances and meetings are separate from the council.		