

Annual Internal Audit Report 2019/20

SANDY 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 2020.

The internal audit for 2019/20 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.	Y		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Y		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Y		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Y		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Y		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Y		
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.	Y		
H. Asset and investments registers were complete and accurate and properly maintained.	Y		
I. Periodic and year-end bank account reconciliations were properly carried out.	Y		
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.	Y		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.			✓
M. (For local councils only) 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

15/06/2020

HARNESS WAITS

Signature of person who carried out the internal audit

HARNESS WAITS

Date

17/06/20

*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).

SANDY TOWN COUNCIL INTERNAL AUDIT REPORT YEAR ENDING 31/03/2020

The final internal audit was carried out on 1st May remotely at the internal auditor's premises.

Work Done

Bank Reconciliations

The year end bank reconciliations were reviewed and agreed to ensure that they had been prepared correctly. In addition, the reconciliation file was reviewed to ensure completeness as per the interim internal audit report. Cheque book & paying-in book cut off was confirmed to ensure that all transactions were entered in the correct accounting period.

Trade Debtors & Creditors

Trade debtor and creditor balances were reviewed for reasonableness and to ensure that there were no outstanding balances that require doubtful debt provisions.

Review of VAT returns

VAT returns for the year were reviewed and the closing balance was reconciled to the financial statements.

Accruals

Accruals were reviewed and compared to the previous year to ensure they are reasonable.

Accounting for Income & Expenditure

Sample testing of the Council's income and expenditure was carried out during the first internal audit visit. Results of this testing were satisfactory and no further testing of this area was considered necessary during this visit.

Review of Risk Assessment

The Council's risk assessment was reviewed to ensure that significant risks have been identified and that adequate arrangements and controls are in place to minimise these risks.

Fixed Asset Register

The fixed asset register was reviewed to ensure that it was complete, accurate and properly maintained.

Insurance

The insurance policies and schedules were reviewed to ensure that cover was sufficient.

Meeting Minutes

Minutes of the Council meetings were reviewed to ensure that expenditure was approved and monitored and that decisions regarding the Council's finances were documented.

Review of Accounts

A review of the accounts was required to ensure that they had been correctly prepared and to ensure agreement to the underlying accounting records.

Results

Bank Reconciliations

All year end bank reconciliations were reviewed and appeared to be correctly prepared.

The unrepresented payments were tested at the yearend date. The total population was tested (100%) although the majority of the balances were still outstanding. The bulk of the balance uncleaned was made up of the two cheques (£1,000 – Bedfordshire Fire & Rescue & £4,283.46 – Bedfordshire Rural Communities).

We can conclude that the amount recorded in the accounts for cash in hand does not reflect the value (£350.00) shown on the financial statements. A cash sheet is recorded on a monthly basis and reimbursed through the bank account. The nominal value on the accounts does not get amended to reflect the true value left over each month.

Trade Debtors & Creditors

There were no trade debtors outstanding at the yearend date. The trade creditor balance totalled £37,859.23 and were deemed to be accurate and complete from errors.

We can conclude that the amounts recorded in the accounts for debtors and creditors are reasonable and reflect the underlying books & records of the Council.

VAT

The closing VAT balance was checked to VAT returns and a VAT control completed. The Council receives repayment of VAT as there is only a small amount of taxable supplies made. The majority of the Council's supplies are zero rated. There was no VAT visit during the year.

We can conclude that the amount recorded in the accounts as VAT debtor is reasonable and reflects the underlying books & records of the Council.

Accruals

Accruals were reviewed and noted to be comparable with the prior year. Accruals reviewed for reasonableness and April invoices reviewed for completeness.

We can conclude that the amount recorded in the accounts for accruals is reasonable and reflects the underlying books & records of the Council.

Risk Assessment

The current risk assessment identifies the individual risks faced by the organisation, the threat levels of these risks and the controls that have been put in place. The risk assessment is produced by Chris Robson, the Town Clerk.

It was noted that the risk assessment was received, reviewed and adopted by the Town Council on 17th February 2020.

We can therefore conclude that the Council has assessed the significant risks to achieving its objectives and that adequate control procedures are in place to mitigate these risks.

Fixed Assets

The Council keeps a fixed asset register and this has been maintained on a regular basis during the year. All additions have been recorded in the year. As with most Councils, the register is maintained at cost price.

We can therefore conclude that the amount recorded in the accounts as fixed assets reflects the original cost of assets purchased.

Insurance

Two separate policies are held, one for the fleet (ERS) and one to cover buildings, contents, public liability, employers liability etc (Aviva). The Council considers the insurance adequate for their needs.

We conclude that the Council has assessed the insurance requirements and adequate controls are in place to ensure the cover is sufficient.

Meeting Minutes

The Council meets regularly & follows regular agenda items including Council finance. Council expenditure is approved on a monthly basis and accounts are reviewed and approved by the Council. The budget is also reviewed monthly. Meeting notes are numbered using a stamp system and initialled each month. We can conclude that a complete and accurate record of all the Council meetings is being prepared by the Council.



Review of Accounts & Budgetary Process

The accounts of the Council and the figures prepared for disclosure on the Annual Return were agreed to the underlying records. The accounts show a general reserve balance of £234,042, a reduction of £50,001 from 2019 (£284,043).

The accounts function has been outsourced to DCK Beavers and the year end accounts have been prepared by them. The Omega system generates the annual return and supporting workings, which were agreed to the financial statements that will be made available for viewing by the public.

The Council regularly reviews performance during the year and monitors this against the Council's budgets.

The budget for 2020/21 has been prepared and agreed by the Council. The precept applied for amounts to £597,768 (2019: £580,648). This is to cover increases in budget costs and ongoing projects.

Conclusion

In our opinion, books and records are being kept in order. Appropriate risk assessment procedures and internal controls are in place and these are being adhered to by the Council.

Haines Watts

R Hammond - Partner
Haines Watts
First Floor, Woburn Court
2 Railton Road
Woburn Road Industrial Estate
Kempston
Bedford
MK42 7PN

Date *17TH June 2020.*