

Annual Internal Audit Report 2018/19

LOUTH 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. (<i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>) | | | ✓ |
| 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 ✓ |
| M. (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

01/05/18

05/06/19

DD/MM/YY

STEVEN FLETCHER AL AUDITOR

Signature of person who carried out the internal audit



SIGNATURE REQUIRED

Date

05/06/19

*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).

Louth Town Council

INTERNAL AUDIT REPORT 2018/19

Internal Auditor: **Steve Fletcher**

Date of Audit: **5th June 2019**

| Internal Control | Findings, Recommendations & Notes to Town Council and Town Clerk & RFO |
|------------------------------------|--|
| Proper Book Keeping | <p>The RBS Rialtas Suite system is used to record payments and receipts and is used as the basis of the cashbook</p> <p>Controls appear adequate for cash receipts and cheque payments.</p> <p>A sample check of items and summary totals of payments approved by Council agrees with the cashbook totals and balances.</p> <p>A sample check of cash reconciliation shows correct procedures have been undertaken throughout the financial year.</p> <p>Section 137 expenditure has been properly identified in the accounts.</p> |
| Standing Orders & Payment Controls | <p>Financial regulations and other Town Council Policies have been reviewed and changes approved by Council during the 2018/19 financial year.</p> <p>From a sample of payments in the cashbook, payments appear to be properly supported by invoices and these are approved each month by Council.</p> <p>VAT statements are produced from the RBS Financial software system and appear to be in order.</p> |
| Risk Management & Risk Assessment | <p>Following an in depth review of the Town Council minutes and financial documentation, they are presented in a 'user friendly' way and there is no evidence of any unusual financial activities.</p> <p>A risk assessment and asset assessment has been undertaken and approved by the Council during the financial year 2018/19.</p> <p>Insurance provision appears to be adequate with payment to insurance provider shown on bank statement and in the cashbook.</p> |
| Budget Controls | <p>A budget has been prepared that supports the precept demand for financial year 2019/20 and was duly approved by the Town Council (15.01.2019).</p> |

| | |
|---------------------|--|
| Internal Controls | Internal budgetary control measures appear robust and adequate and the appointment of an internal auditor was resolved by the Town Council during the financial year 2018/19. |
| Income Controls | Controls for minimal income and receipting/recording of such appear adequate. |
| Loans | From the sample reconciliation of the Public Works Loan Board (ref 13108302) information sums within correspond and balance to £ 39,187.81 as at 31.03.2019. |
| Petty Cash | From a sample check of the petty cash and summary totals of payments, sums within the cashbook balance and supporting receipts confirm amounts spent. The petty-cash float held within the office balances with receipts (£158.67 as at 31.03.2019 and £93.97 as at 05.06.2019). Satisfactory controls and risk assessments are in place in relation to the management and reconciliation of the petty-cash account. |
| Payroll | Payments pertaining to the payroll for all staff of the Town Council were approved by Council during the Financial year 2018/19 and all PAYE and NI calculations and payments have been duly authorised and made. |
| Asset Controls | The Town Council has a comprehensive asset register which clearly identifies council assets and their individual and combined values. |
| Bank Reconciliation | Bank reconciliations are complete for the financial year 2018/19 and supported by payment and receipt entries within the cashbook and corresponding bank statements. |
| Year End Procedures | I am satisfied that all year end procedures have been duly undertaken and completed in an appropriate way and the form in support of the accounts to the External Auditor has been completed to this effect. |

Internal Auditors Comment:

I recommend that the Town Clerk & RFO be congratulated on providing continued excellent administration support and comprehensive financial records on behalf of Louth Town Council.



Steve Fletcher – 5th June 2019

LOUTH TOWN COUNCIL

Internal Audit: Visit 5th June 2019.

Financial Period: 1st April 2018 to 31st March 2019.

| CONTROL | TEST | Y/N | COMMENTS / RECOMMENDATIONS |
|--------------------------------|---------------------------|------------|---|
| Assets | Asset Register | Y | |
| | Updated | Y | |
| | Valuations | n/a | |
| | Zero Balances | n/a | |
| Attendance Register | Elected Members | Y | Evidenced in minutes |
| Budget | Process Followed | Y | Final budget 2019/20 agreed at full Council |
| | Reports to Council | Y | Evidence: Reported to full Council at meetings |
| | Variances | Y | As above |
| Cash Book | Up to date | Y | Evidence: in bank reconciliation folder |
| | Balanced | Y | As above |
| | Discrepancies | N | None |
| Cash | Records Kept | Y | Evidence: Reported to full Council at meetings |
| Credit Card | Records Kept | Y | Evidence: in bank reconciliation folder |
| Petty Cash | Records Kept | Y | Identified in Financial Regulations |
| | Balance | Y | £158.67 (as at 31.03.19) £93.97 (as at 05.06.19) |
| Cheque Books | Completed / countersigned | Y | Cheque Stubs 007943 to 008371 |
| Cancelled Cheques | Procedure | Y | Evidence: within bank reconciliation folder |
| Direct Debits / Credits | Approved by Council | Y/N | Council has ratified payments by DC/DD. |
| Financial Regulations | Updated / Approved | Y | Reviewed and adopted |
| Income | Properly Received | Y | Receipts no 50-100 (inc – note no 84 unused) + 1801 to 1847 (inc) |
| | Promptly Banked | Y | Evidenced in minutes, Paying in Slips 500149 to 500161 |
| | Anticipated | Y | Evidenced in minutes |
| | Received | Y | Evidenced in receipt books / bank statements |
| Internal Auditor | Appointment of | Y | Evidenced in minutes / financial regulations |
| Payment Controls | Invoices | Y | Evidenced in bank reconciliation folder |
| | Minuted | Y | Evidenced in minutes |

| | | | |
|-------------------------------|------------------------|-----|---|
| | VAT Payments | Y | VAT Payments are offset against reclaims |
| | VAT Reclaimed | Y | VAT claimed |
| | S. 137 | Y | A separate record of section 137 spend is recorded |
| Payroll | In House | Y | SAGE Payroll System used |
| | Salaries Approved | Y | Evidenced in Council minutes and payment schedules signed |
| | PAYE Correct | Y | Calculated using SAGE Payroll System |
| | Cllr Allowances | N | To be reviewed in future audit |
| Reconciliation | All Accounts | Y | Evidenced in bank reconciliation |
| | Up to date | Y | As above |
| | Balanced to statements | Y | As above |
| Risk Management | Approved | Y | Reviewed by full Council |
| | Unusual Activities | N | n/a |
| | Insurance Cover | Y | Minutes refer to insurance cover |
| | Reviewed | Y | As above |
| | Controls | n/a | n/a |
| Standing Orders | Updated / Approved | N | Reviewed and adopted |
| Internal audit 2017/18 | Accounts Agree | Y | Internal Auditor report evidenced |
| | Audit trail Adequate | Y | Excellent Audit trail; financial records / documents supplied |



Mr S Fletcher
IMO; Dip Ed (MA); CiLCA; MILCM; PSLCC