

**ROYSTON TOWN COUNCIL
INTERNAL AUDIT REPORT YEAR ENDING 31ST MARCH 2019**

The final internal audit was carried out on 24 May 2019 at the offices of Royston Town Council.

Work Done

Bank Reconciliations

The year-end bank reconciliations were reviewed and agreed to ensure that they had been prepared correctly. Cut off of bank receipts and payments were confirmed.

Trade Debtors

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

Trade Creditors

Trade creditors were reviewed to ensure that the balance was reasonable and that all creditors were payable by the Council.

Income & Expenditure Cut-off

Sales invoices and purchase invoices were reviewed to ensure that all income and expenditure had been allocated to the correct accounting period.

Wages & PAYE

Payroll calculations were checked during the interim audit. Year end liabilities were confirmed to the balance sheet and expenditure reviewed for reasonableness.

Stock

Stock balance was reviewed for reasonableness and controls over stock reviewed to ensure adequate.

Review of VAT returns

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

Review of Risk Assessment

It was confirmed that the Council has documented and agreed in Council meetings the risk assessment.

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 the cover is sufficient.

Meeting Minutes

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

Review of Accounts

The accounts were reviewed 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 agreed and found to be correctly prepared. All items of the unreconciled payments were tested and 96% of those tested cleared the bank by the end of May 2019.

The online banking facility only gives access to view transactions & transfer funds between Council bank accounts.

Cut-off of cheques and paying-in slips were confirmed. The Town Clerk has good controls in place over bank accounts and reconciliations. All Charity accounts are held separately from the Town Council accounts and were not included in the internal audit work.

We can conclude that the amount recorded in the accounts for Cash and Bank is accurate and reflects the underlying books and records of the Council.

Trade Debtors

All year-end balances were found to be reasonable and agreed to the financial statements. The balance at the year-end was £5,143.14. A provision has been made to defer advance payments of £1,518.19. All debtors had paid in full at 24 May 2019, the only other outstanding balances were those who had paid in advance.

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

Trade Creditors

Year end balances were agreed to the financial statements. The balance at the year-end was £2,083.29. At 24 May 2019 there was one creditor still outstanding, in relation to the year end balance. This invoice related to "Jackson Lift Services Limited" for £648.00. It is still outstanding as the council is in dispute over the cost of the bill issued. Creditors are well controlled and all payments are approved at monthly Council meetings.

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

Cut Off

The Town Clerk is well aware of cut-off & ensures sales and purchase invoices are entered in the system for the correct period. This was also tested at the interim audit and all found to be in the correct period.

We can conclude that the cut off for sales and purchases is reasonable and invoices are correctly recorded in the underlying books and records of the Council.

Wages & PAYE

Payroll calculations were checked during the interim audit (no issues reported) and there were no year end liabilities. Payroll expenditure seems reasonable for the year and is comparative with the previous year.

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

Stock

Stock relates to items held in the Museum shop and is valued at the lower of cost and net realisable value. A stock take was carried out by the Centre staff at the year end, which was reviewed.

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

VAT

VAT returns have been correctly prepared during the year. A VAT control was prepared and agreed to the financial statements. There has not been a VAT inspection during the year. The council have previously had professional advice from a company specialising in VAT (VAT Support & Solutions) regarding VAT calculations which is being followed. As the VAT incurred for exempt activities is less than £7,500 all input VAT can be recovered.

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

Risk Assessment

The Council risk assessments are updated annually and agreed by the Finance committee. Assessments were viewed and appear to be comprehensive covering all areas of Council activity. These were then reviewed and approved by the full committee on 8 February 2019.

We can conclude that the Council is assessing risks and reviewing the effectiveness of its control arrangements on a regular basis.

Fixed Assets

The fixed asset inventory and details of costs were reviewed. These were considered to be reasonable and agreed to the additional information included in the financial statements. Assets are held at cost with new assets added when they are purchased. The Council does not depreciate its assets. They are effectively expensed as incurred but carried on this schedule at cost values.

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

Insurance

All insurance was provided by Zurich Municipal, a renewed long term agreement policy taken out on 1 April 2016 for a period of three years. Various areas are covered by the insurance. It was agreed in the councils minutes to extend the agreement with Zurich Municipal for a further three years.

We can conclude that the insurance requirements have been assessed by the council and the insurance cover is deemed sufficient.

Meeting Minutes

Council expenditure is approved on a monthly basis and accounts are reviewed and approved by the council. The budget is also reviewed monthly. Minutes since our last visit were reviewed, points of note include:

- Budget increases for 2019/20 expected:
 - Precept agreed at £317,338 (last year at £272,270), while CTRS Grant of £11,339 remains the same as the last financial year. (last year £11,339)
 - Band "D" (Property's) agreed at £47.29 per calendar month, which is an £4.76 increase from the previous year.

We can conclude that a complete and accurate record of all the Council meetings is being prepared by the Council.

Review of Accounts

The analytical review produced by the deputy clerk was viewed and all explanations for variances were considered reasonable. The accounts were agreed to the balance sheet produced on the Sage accounting system.

Budget for 2019/20 and actual spend for 2018/19 compared to budget was reviewed and accepted as reasonable.

We can conclude that the Council is preparing adequate accounting records and maintains sufficient controls over its annual budget.

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

Date 4TH JUNE 2019.

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