LIGHTATOUCH

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18 October 2019

The Town Clerk

Alton Town Council

Town Hall

Market Square

Alton

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Dear Leah

Internal Audit Letter Report for Alton Town Council (July 2019 – September 2019) 2019/20

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, considering public sector internal auditing standards or guidance.

We are bound by the ethical guidelines of the Association of Accounting Technicians (AAT). We confirm that we are independent of the Council.

The internal audit work we have carried out has been planned to enable us to give our opinion on the control objectives set out in the Internal Auditor's Report on the 2019-20 Annual Governance and Accounts Return.

We have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' March 2019
- The Accounts and Audit (England) Regulations 2015 (as amended).

This is the second visit for 2019/20 to check that the Town Council adheres to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained for the year ending 31 March 2020.

A series of independent audit tests was undertaken using the various financial records, vouchers, documents, Minutes, previous audit reports to ascertain the efficiency and effectiveness of the Council's internal controls. This visit is to check that the Town Council adhere to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained. The visit took place on 15 October 2019.

It is noted that the financial risk assessment for 2019/2020 was approved at the full Council meeting on 10 July 2019.

Although the Finance Officer was absent on the day of the internal audit visit, we are grateful to the staff for assisting in providing the records required to complete the review of the financial data input to the financial system.

It was noted that the Finance Officer has resigned and will terminate her employment on 31 October 2019.
The Town Clerk has made provision to reassess the Finance Officer post and is now in the process of advertising for a full-time post of Assistant Clerk. This post will be responsible for all aspects of financial management including income generation to secure grants for the Town Council.

This visit to the Town Council also focussed on the completion and update of the financial information input to the Railtas Software by the Finance Officer to provide assurance that the details are accurate pending her departure.

As part of the Internal Audit Review we checked that:

Bank Reconciliations

• the financial totals as at 30 June 2019 brought forward are accurately shown in the Cash Books.
• all un-presented cheques and un-banked income was checked to bank statements and any that remain outstanding were checked to the bank reconciliation as at the 30 September 2019.
• all direct debits, standing orders, transfers were checked and accounted for in the period 1 July 2019 to 30 September 2019.
• all bank paying in slips were banked and agreed to bank statements in the period 1 July 2019 to 30 September 2019.
• bank reconciliations for all bank accounts had been carried out between 1 July 2019 to 30 September 2019, and totals agreed to those shown in Cashbook 1.

From our internal audit testing:

Audit Note: We noted that the Finance Officer had entered the outstanding receipts and expenditure not entered in the Cash Book at June 2019.

Petty Cash

• we checked the totals for the Office Petty Cash from the Petty Cash Book to agree this to Cashbook 4 as £286.31 to 30 September 2019.

•we checked a series of petty cash vouchers for the period July – September 2019 to agree them to Cash Book 4 and to the Petty Cash Book.

Income and Expenditure

• all un-presented cheques and un-banked income information as at 30 September 2019 was checked to ensure that the details are accurately recorded in the Town Council records.
(see Audit Notes 2- 4 - Bank Reconciliation).

Audit Note: We continue to note that errors had been made where payments passed for approval did not match to the correct total shown on invoices or where VAT details recorded on the Purchase Day Book showed a different total to those on the VAT Control Account. A list of these errors was left with the Finance and Administration Manager and the Finance Officer has subsequently followed up giving explanation on the errors found. These have now been cleared, corrected or passed to Railtas Software Solutions to check the details. These have now been detailed to the Internal Auditor.

• all Remittance Advices were checked and agreed to the Cash Books and bank statements for the period 1 July 2019 – 30 September 2019.

VAT

•A test on the individual elements of VAT extracted from purchase invoices was carried out to ensure that the sums to be reimbursed on the first quarter VAT reimbursement claim are accurate and correct.

Audit Note: We noted that an outstanding VAT reimbursement claim covering the period July - September 2019 was held pending in the VAT file awaiting submission to HMRC. A subsequent check with the Finance Officer has revealed that the information had been submitted but the information to confirm this had not been printed out and held on the file.

BACS Payments

• A test check of the BACS payment file was carried out (July 2019 to September 2019) to ensure that the totals paid by BACS were authorised and matched the payment vouchers held on the file. We also checked that the BACS payments were correctly shown on the bank statements and to confirm they were authorised for payment.
(See Audit Note; 4 Bank Reconciliation)

Purchases Day Book

• A test check of Purchase Invoices (July 2019 to September 2019) to the Purchases Day Book was carried out to ensure that they were accurately recorded and where appropriate showed the correct VAT elements extracted. **(See Sub-Heading VAT)**

Sales Day Book

• A test check of Sales Invoices (July 2019 to September 2019) to the Sales Day Book was carried out to ensure that they were accurately recorded and where appropriate showed the correct VAT elements extracted.

Transparency Code Regulations, General Data Protection Regulation (GDPR) May 2018

We continue to check to ensure the Town Council follow the best practice requirements in full of the Transparency Code Regulation 2015. We are pleased to report that the following details are shown on the Website:

a. all items of expenditure above £500
b. end of year accounts
c. annual governance statement
d. internal audit report
e. list of councillor or member responsibilities
f. the details of public land and building assets
g. Minutes, agendas and meeting papers of formal meetings

Minutes of the Town Council

• The Minutes of the Town Council and Committees were checked for decisions and approvals for the period July 2019 to September 2019.

Audit Opinion

It is our opinion that the Governance arrangements for the Town Council are of a good standard.

At this visit we continue to note that errors were made by the Finance Officer albeit that they have now been corrected as at 30 September 2019.

However, we have reported in our previous internal audit reports our concern that the Finance Officer did not provide the full arrange of duties required to fulfil her role and with her pending departure the Town Clerk has taken the opportunity to review and revise the job role which will now provide a stronger financial bias to support the financial management of the Town Council.

We are grateful to the Town Clerk and Finance and Administrative Manager for their help at this visit to resolve queries raised during the audit for the period 1 July 2019 to 30 September 2019 for the various transactional elements.

This letter report should be noted and taken to the next meeting of the full Council to inform them of the Internal Audit work carried out. The details of this Internal Audit Letter Report should also be minuted.

Yours sincerely,
Tim Light FMAAT and Paul Reynolds FMAAT
Internal Auditors