

Our Ref: ACR/N2772

07 June 2019

The Chair
New Mills Town Council
Town Hall
New Mills
High Peak
Derbyshire
SK22 4AT

30/32 High Street, Codnor,
Ripley, Derbyshire DE5 9QB

Tel: 01773 749702

Fax: 01773 570662

E-mail: info@butler-cook.co.uk

Website: www.butler-cook.co.uk

Dear Chair and Members of the Council,

Internal Audit 2018-19

The Internal Audit for 2018 -19 has been satisfactorily completed and again we are pleased to report that the underlying accounting systems are working well. We are pleased to note the Council have taken onboard several recommendations made by Butler Cook in past audits.

We do, however, have a number of recommendations for areas of improvement identified during the current years audit.

- Following prior year recommendations, we were able to review a fixed asset register containing the assets owned by the council. We would recommend that this schedule includes values for the assets, or where this is historically difficult, at least the present insured value.
- We have reviewed the list of members included on the High Peak Borough Council website and still note that two members of the council do not have their list of interests registered on the site. We also note that the details of Councillors are not up to date on the New Mills Website.
- We note that the Council have appointed a Heritage Centre and Staffing sub-committees. There are no devolved responsibilities for these committees, these committees can only make recommendations to Council not make decisions on the Councils behalf.
- Having reviewed all the minutes for Council meetings and sub-committee meetings we note that a separate profit and loss account has not been prepared to show the financial results of the Heritage Centre. In last years audit report we provided a full breakdown of the Heritage Centre income and expenditure which showed a loss for the year of £17,969.84. Below is the Income and Expenditure for the 2019 year:

	2019		2018	
	£	£	£	£
<u>Income</u>				
Shop Sales - Heritage Centre	11,336.58		12,041.39	
Donations - Heritage Centre	<u>1580.07</u>		<u>647.85</u>	
		12,916.65		12,689.24
<u>Cost Of Sale</u>				
Heritage Centre - Opening Stock	3,919.95		11,347.98	
Heritage Centre - Stock Purchases	7,217.74		6,328.28	
Heritage Centre - Closing Stock	<u>-3,869.37</u>		<u>-3,919.95</u>	
		-7,268.32		13,756.31
		<u>5,648.33</u>		<u>-1,067.07</u>
GROSS LOSS				
<u>Expenditure</u>				
Heritage Centre - Wages & Salaries	0.00		2,747.14	
Heritage Centre - Rent	4,805.43		4,799.24	
Heritage Centre - Business Rates	1,344.00		1,304.80	
Heritage Centre - Electricity	1,017.64		1,184.21	
Heritage Centre - Gas	531.22		404.60	
Heritage Centre - Water	751.78		313.20	
Heritage Centre - Printing and Stationery	260.60		0.00	
Heritage Centre - Phone & Broadband	707.10		683.34	
Heritage Centre - Insurance	407.33		0.00	
Heritage Centre - Equipment Purchases	1,479.72		0.00	
Heritage Centre - General Repairs & Maintenance	2,276.10		2,900.84	
Heritage Centre - Health & Safety	755.02		1,038.45	
Heritage Centre - Publicity & Promotion	315.40		0.00	
Heritage Centre - Software Charges	375.00		0.00	
Heritage Centre - Miscellaneous Purchases	333.63		0.00	
Heritage Centre - Shipping Charges	17.98		0.00	
Heritage Centre - Subscriptions	35.00		0.00	
Heritage Centre - Fire & Security	<u>846.25</u>		<u>1,526.95</u>	
		-		-
		16,259.20		16,902.77
		<u>10,610.87</u>		<u>17,969.84</u>
NET LOSS				

To ensure transparency we recommend that periodic income and expenditure report is presented to Council.

- In the 2017 External Audit Report Grant Thornton noted that the Town Hall building was owned by the New Mills Town Hall Charity and that separate meetings should be held to discuss matters that relate to the Charity. We are pleased to see that these separate meetings now take place.
- During the audit we reviewed some of the original charity documentation from 1875 to try and ascertain what the obligations are between the Charity and the Town Council. This is a complicated scenario and we are yet to conclude on the right course of action.

We trust the above observations will be received as constructive comments to improve the Council's financial systems. If at a later stage, you would like us to address the Council further on any of these points that can be arranged.

We would like to thank Keith and Lesley for their help in ensuring we had all the necessary information for us to carry out our audit work.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Bob Cook". The signature is written in a cursive style with a large initial 'B' and 'C'.

Annual Internal Audit Report 2018/19

NEW MILLS 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

04/06/2019

Name of person who carried out the internal audit

ALEXANDER REYNOLDS

Signature of person who carried out the internal audit



Date

07/06/2019

*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).