



**John Wright**  
**Town Clerk**

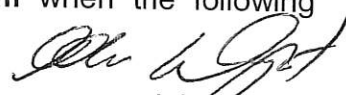
**Lyme Regis Town Council**

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Notice is hereby given of an extraordinary meeting of the Lyme Regis Town Council to be held in the Guildhall, Bridge Street, Lyme Regis, on Wednesday 19 June 2019 at **7pm** when the following business is proposed to be transacted:

  
John Wright  
Town Clerk  
14.06.19

*The open and transparent proceedings of Full Council and committee meetings will be audio recorded and recordings will be held for one year by the town council.*

*If members of the public make a representation to the meeting, they will be deemed to have consented to being audio recorded.*

*If members of the public have any queries regarding audio recording of meetings, please contact the town clerk.*

**AGENDA**

**1. Public Forum**

Twenty minutes will be made available for public comment and response in relation to items on this agenda.

*Individuals will be permitted a maximum of three minutes each to address the committee.*

**2. Apologies for absence**

To receive and record any apologies and reasons for absence

**3. Disclosable Pecuniary Interests**

Members are reminded that if they have a Disclosable Pecuniary Interest on their register of interests relating to any item on the agenda they are prevented from participating in any discussion or voting on that matter at the meeting as to do so would amount to a criminal offence. Similarly, if you are or become aware of a Disclosable Pecuniary Interest in a matter under consideration at this meeting which is not on your register of interests or is in the process of being added to your register you must disclose such interest at this meeting and register it within 28 days.

**4. Dispensations**

To note the grant of dispensations made by the town clerk in relation to the business of this meeting.

**5. Internal Audit Report, Visit Three 2018-19**

To inform members of the outcome of the internal auditor's third visit for 2018-19 which took place on 6 June 2019

**6. Internal Audit Report, Visit Four 2018-19**

To inform members of the outcome of the internal auditor's fourth and final visit for 2018-19 dated on 14 June 2019 and to provide a summary of the number and priority levels of recommendations made to the council over the last four years

**7. Annual Governance and Accountability Return for the Year Ended 31 March 2019**

To allow members to consider the Annual Governance and Accountability Return (formerly known as the annual return) for the year ended 31 March 2019

**8. Exempt Business**

**Committee:** Full Council

**Date:** 19 June 2019

**Title:** Internal Audit Report, Visit Three 2018-19

**Purpose of Report**

To inform members of the outcome of the internal auditor's third visit for 2018-19 which took place on 6 June 2019

**Recommendation**

Members note the internal auditor's report and the management responses

**Background**

1. Internal audit is an important part of the council's governance and managerial framework and, as such, it is important the town clerk takes responsibility for any observations and recommendations arising from the internal auditor's visits.
2. The council's internal auditor is Darkin Miller – Chartered Accountants. The internal auditor's remit is to establish there is proper book-keeping, risk management arrangements, bank reconciliation and year-end procedures, and controls are in place for payments, budgets, income, petty cash, payroll and assets.
3. Darkin Miller were appointed as the council's internal auditors for the financial years 2015/16, 2016/17 and 2017/18 at the Full Council meeting on 22 July 2015.
4. Following a recommendation from this committee, on 13 December 2017 the Full Council appointed Darkin Miller as the council's internal auditor for a further two years, i.e. 2018/19 and 2019/20. The internal auditor appointment for 2020/21 and beyond will be undertaken through a competitive procurement process.
5. The council normally engages Darkin Miller for up to eight days a year; this covers four audit visits which usually last for two days.

**Report**

6. Darkin Miller's report is attached, **appendix 5A**. The report contains four recommendations; two high, one medium and one low.
7. The internal auditor's comments and management responses are detailed on the report.

## **AGENDA ITEM 5**

8. There is one outstanding recommendation from previous internal audit reports:
  - 8.2 Copies of leases – The council intends to create electronic versions of all leases. The completion date has been extended to 30 December 2019.

John Wright  
Town clerk  
June 2019

FINAL

Internal audit report 2018/19

Visit 3 of 4

# LYME REGIS TOWN COUNCIL

Date: 6<sup>th</sup> June 2019

Report author: R Darkin-Miller  
Email: [r.darkin@darkinmiller.co.uk](mailto:r.darkin@darkinmiller.co.uk)

## Introduction

This report contains a note of the audit recommendations made to Lyme Regis Town Council following the carrying out of internal audit testing on site on the 18<sup>th</sup> March and 15<sup>th</sup> May 2019.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the additional requirements of the AIAR section of the 2018/19 AGAR.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

## Audit Opinion

As this audit report is an interim one, no audit opinion is offered at this stage. The report issued after the final visit for 2018/19 (which will be June 2019) will contain the audit opinion.

The following areas were reviewed during this audit visit:

1. Payments
2. Risk Management
3. Income
4. Bank Reconciliation

## Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.

Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	2
Medium	1
Low	1
TOTAL	4

I would like to thank John Wright – Town Clerk, Naomi Cleal – Finance Assistant, and Michael Stainer – Interim Finance Manager, for their assistance during this audit.

#### Auditor note

Note that, at the time of the third of the internal audit visits for 2018/19, the Council's Finance Manager had been absent for nine months. The officer's absence has been covered by the (part time) Finance Administrator increasing her hours and nature of the work undertaken; by the use of a locum Finance Manager (working only part time and remotely due to that officer's other work commitments), followed by an experienced full time Interim Manager (who started in May 2019); and by the Council's senior staff (Town Clerk and Deputy Town Clerk) having a higher-than-normal level of involvement in e.g. the Budget-setting process.

Given the loss of a critical full time member of staff over an extended period, I consider that the Council's systems are operating more effectively than I would have expected. The Finance Administrator and the Locum and then Interim Finance Manager have focussed their efforts initially on payments and payroll (in order to ensure that the Council continues to pay its staff and receive critical goods and services from third parties), along with the reconciliation of the Council's main bank accounts. Work to resolve identified issues on income (particularly in relation to car park income) has been ongoing, but has not been completed at the audit date.

The Interim Finance Manager has drawn up a to-do list to bring all of the Council's financial systems up to date, focussing first on payments and payroll (including the reconciliation of payments to supplier statements to ensure all costs are included), bank reconciliations, and checks on income to ensure that all income due for the year has been invoiced and either collected, or that the related debt is being managed. It takes time to properly reconcile the accounts of an entity the size of the Town Council, but the work to reconcile the Council's accounts to 31/03/19 is due to be completed by 11/06/19 (when the annual return will be completed prior to its inclusion on the June Council agenda papers); and the work to bring the Council's accounts completely up to date will be completed by 31 July 2019. I consider these timescales and plans to be reasonable given the Finance resource available.

**Darkin Miller ~ Chartered Accountants**  
**2018/19 INTERNAL AUDIT OF LYME REGIS TOWN COUNCIL**  
**FINAL REPORT VISIT 3 OF 4: 6<sup>th</sup> JUNE 2019**

**Appendix 1 – Recommendations and Action Plan**

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
5.1 – Prompt banking	<p>I checked a sample of income to confirm that it was properly recorded and promptly banked. I found that the samples were properly recorded (coded to the correct budget code), but that 4/30 samples were not promptly banked. Two of the samples related to site licences which were being paid by instalments. The final payment on both samples was received 7 months after the invoice date. One sample was received 60 days after the invoice date. The final sample was finally paid 14 months after the original invoice, but all funds have now been received.</p> <p>I recommend that overdue invoices are chased promptly, and debt recovery actions pursued where appropriate.</p>	M	<p>Agreed.</p> <p>The two site licences were paid by instalment, and direct debit, in accordance with an agreed schedule of payment.</p> <p>As of 5th June 2019 all cheques have been banked and banking is now up to date.</p> <p>In the absence of sufficient resource in the finance department the chasing of debt has been devolved to the deputy town clerk until the accounts have been brought fully up to date.</p>	Deputy Town Clerk	
5.2 – Bring accounts up to date	<p>I reviewed the aged debt report as at 31 January year on year (as at 31/01/18 and 31/01/19), and the income per the trial balance as at the same date (by comparing results year on year). I found that whilst there were variations in individual</p>	H	<p>Agreed.</p> <p>An interim finance manager started on 15th April 2019 with accounts production for the year</p>	Interim Finance Manager	31/07/19



	<p>income lines, overall income appeared reasonable. I also found that the aged profile for the debt at 31/01/19 appeared to be significantly worse than as at 31/01/18, with over 100% of the debt in the 'older' column (indicating that invoices had not been raised for recent months, and that receipts had not been processed to allocate against the older debt). This is due to the fact that, following the long term absence of a full time member of staff, there were delays to processing invoices and bank receipts. Finance staff have been prioritising payments (to ensure services continue to be provided to the Council) and payroll (to ensure that staff are paid). Now an interim full time resource is in place, and a plan has been drawn up with the aim of bringing all accounts to 31/03/19 up to date by 11/06/19, with the aim to bring the accounts completely up to date by 31/07/19. I will review the aged debt report and the income year on year once the accounts have been brought up to date to ensure that the position has improved.</p> <p>I recommend that the Finance staff continue with the plan to bring the accounts back to up to date by 11/06/19.</p>		<p>ended 31st March 2019 as the priority; these are expected to be completed by 11th June 2019 in order to enable the completion of the Annual Governance and Accountability Return 2018/19. Additional year end filings for HMRC and the Local Government Pension Fund, against deadlines, have impacted the ability to catch up and</p> <p>There is still a backlog, albeit now reduced, of: (i) purchase invoice processing / payments; (ii) sales invoicing; and (iii) bank entries into the accounts system. The backlog is expected to be brought up to date by 31st July 2019.</p>		
5.3 – Car park income	<p>I reviewed samples of the Council's car park income for all three car parks across the three different payment methods (cash, collected via</p>	H	<p>Agreed.</p> <p>The deputy town clerk is still pursuing the ticket machine</p>	Interim Finance Manager	

	<p>WDDC; pay by phone, collected via Bemrose; and card payments, collected by Six).</p> <p>I found that the phone and pay income agreed to the reports produced by the provider (which show individual transactions), and that all funds were received.</p> <p>I found that over the course of the year, differences have arisen on both the cash income collected by WDDC, and the card income collected by Six; and the cash and card reports for the same period produced by Metric Aslan (who operate the ticket machines). Note that it is not uncommon to have small differences on the cash income (due to issues with the coin hoppers etc), and timing differences on the card income, but normally these resolved across the course of the year.</p> <p>In addition, officers have identified that one of the ticket machines installed during the year was set up to send funds to another Council in error.</p> <p>Reconciliation work was being promptly carried out earlier in the year, but this has fallen behind following the long term absence of a staff member. The reconciliations are due to be completed, and any unreconciled balances followed up with the third parties, by 11/06/19 (as part of the accounts production process). The</p>		<p>amendment and the recovery of the related funds.</p> <p>The reconciliation work is in process and invoices to Dorset Council, which represents the majority of the car park income, are up to date.</p>	Deputy Town Clerk	
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	<p>Deputy Town Clerk has been actively pursuing an amendment to the ticket machine, and the recovery of related funds (which will be fully recoverable as they relate to another local authority).</p> <p>I recommend that the reconciliation work, and the work to correct the issue with the ticket machine that was incorrectly set up, are both completed as soon as possible in order to ensure that the Council collects all car park income due.</p>				
5.4 – Price of memorial bench	<p>During the year, the Council received a sample of income in relation to a memorial bench. The amount charged was set to cover the purchase price plus a small contribution to the maintenance of the bench. I was unable to agree the price back to a charge set by the Council, as this matter has not been considered recently.</p> <p>I recommend that the Council considers including the purchase of memorial benches to its annual list of fees and charges.</p>	L	<p>Agreed.</p> <p>The charge has now been added to the council's internal charging sheet and will be taken to Council for approval as part of the budget setting process in the latter part of this year.</p>		



**Committee:** Full Council

**Date:** 19 June 2019

**Title:** Internal Audit Report, Visit Four 2018-19

### **Purpose of Report**

To inform members of the outcome of the internal auditor's fourth and final visit for 2018-19 dated on 14 June 2019 and to provide a summary of the number and priority levels of recommendations made to the council over the last four years

### **Recommendation**

- a) Members note the internal auditor's information comment and the response to that comment
- b) Members note the number and priority levels of recommendations made to the council by the internal auditor over the last four years

### **Background**

1. Internal audit is an important part of the council's governance and managerial framework and, as such, it is important the town clerk takes responsibility for any observations and recommendations arising from the internal auditor's visits.
2. The council's internal auditor is Darkin Miller – Chartered Accountants. The internal auditor's remit is to establish there is proper book-keeping, risk management arrangements, bank reconciliation and year-end procedures, and controls are in place for payments, budgets, income, petty cash, payroll and assets.
3. The council normally engages Darkin Miller for eight days a year; this covers four audit visits which usually last for two days.

### **Report**

4. This is the fifth year the council has engaged Darkin Miller and this is their fourth visit of 2018-19. Darkin Miller's report is attached, **appendix 6A**. The report contains one information comment.
5. The internal auditor's comment and suggested management response is detailed on the report.
6. There is one outstanding recommendation from previous internal audits:
  - to create electronic versions of leases. A revised target date of 30 December 2019 has been set.
7. To provide some comparison, below is a summary of the number and priority levels of their recommendations for 2014-15, 2015-16, 2016-17, and 2017-18, see below. The historic reduction in the number of recommendations and their

2017/18

Rating	Number				
	Visit 1	Visit 2	Visit 3	Visit 4	TOTAL
High	1	0	1	0	2
Medium	1	2	0	0	3
Low	3	0	1	0	4
Information	0	0	0	1	1
TOTAL	5	2	2	1	10

John Wright  
Town clerk  
June 2019

DRAFT FOR DISCUSSION

Internal audit report 2018/19

Visit 4 of 4

# LYME REGIS TOWN COUNCIL

Date: 14<sup>th</sup> June 2019

Report author: R Darkin-Miller  
Email: [r.darkin@darkinmiller.co.uk](mailto:r.darkin@darkinmiller.co.uk)

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	0
Medium	0
Low	0
Info	1
TOTAL	0

The number of recommendations made at all of the audit visits in 2018/19 and their priorities are summarised in the following table:

Rating	Number				
	Visit 1	Visit 2	Visit 3	Visit 4	TOTAL
High	0	3	2	0	5
Medium	4	1	1	0	6
Low	4	1	1	0	6
Information	0	0	0	1	1
TOTAL	8	5	4	1	18

I would like to thank Mike Stainer – Interim Finance Manager, for his assistance during this audit.



**Darkin Miller ~ Chartered Accountants**  
**2018/19 INTERNAL AUDIT OF LYME REGIS TOWN COUNCIL**  
**DRAFT REPORT VISIT 4 OF 4: 14<sup>th</sup> JUNE 2019**

**Appendix 1 – Recommendations and Action Plan**

Recommendation number	Detail	Priority (Low/ Medium/ High)	Management Response	Responsible Officer	Due Date
10.1 – Adjusted errors	The following errors were adjusted in the draft accounts: Income and debtors were increased by £20.8k; and expenditure and creditors increased by £3.6k to bring in accrued 2018/19 balances.	Info			

**Committee:** Full Council

**Date:** 19 June 2019

**Title:** Annual Governance and Accountability Return for the Year Ended 31 March 2019

**Purpose of the report**

To allow members to consider the Annual Governance and Accountability Return (formerly known as the annual return) for the year ended 31 March 2019

**Recommendation**

The council approves the Annual Governance and Accountability Return for the year ended 31 March 2019 and authorises the Mayor and town clerk to authorise and sign the document on behalf of the council.

**Background**

1. Local councils in England with an annual turnover of £6.5 million or less must complete an Annual Governance and Accountability Return, **appendix 7A**, in accordance with proper practices summarising their activities at the end of each financial year.
2. In accordance with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, the notice to electors to allow the exercise of public rights to inspect the accounts for the year ended 31 March 2018 will be posted before 1 July 2019.
3. In accordance with the Accounts and Audit (England) Regulations 2011, the Annual Governance and Accountability Return must be approved by the Full Council and submitted to our external auditors before 1 July 2019.
4. If the Annual Governance and Accountability Return is approved and/or submitted to the council's external auditor after this date, a qualified audit opinion will be issued.
5. Failure to approve the Annual Governance and Accountability Return and submit it to the external auditors, along with all the required supporting documentation, by 1 July 2019 will result in a Public Interest Report (PIR) being issued by 30 September 2019.
6. A PIR is issued by the external auditor under Section 8 of the Audit Commission Act 1998 and reports any matters which should be given formal consideration by the local council or brought to the attention of the public. This could damage the council's reputation, affect its ability to receive external funding, or count against it in achieving external accreditation.

7. The attached return for 2018-19 consists of four sections: the annual internal audit report, annual governance statement, accounting statements and the external auditor certificate and opinion.
8. Following a Strategy and Policy Committee recommendation on 2 March 2016, Full Council resolved on 16 March 2016 to approve Smaller Authorities Audit Appointments LTD to organise the council's external audit contract for 1 April 2017 and they appointed PKF Littlejohn as the town council's external auditors.

## **Report**

### **Annual Internal Audit Report 2018-19**

9. This report is based on independent opinion, an assessment of risk, and a selective assessment of compliance with relevant procedures and controls.
10. The report's objective is to ascertain if:
  - accounts have been kept properly;
  - financial regulations have been complied with;
  - risks have been assessed and reviewed;
  - precept requirements resulted from an adequate budgetary process, budgets monitored and reserves held at an appropriate level;
  - expected income has been received, accounted for, banked and VAT has been accounted for;
  - petty cash is properly accounted for;
  - salaries, allowances, PAYE and NI requirements are met;
  - asset and investment register is completed and maintained;
  - periodic and bank reconciliations are carried out;
  - accounting statements have been correctly prepared;
11. The internal auditor has not raised any concerns in any of these areas.

### **Annual Governance Statement 2018-19**

12. This section extends beyond the accounting statement and asks members to confirm to the best of their knowledge and believe that:
  - effective arrangements are in place for effective financial management and the preparation of accounting statements;
  - there are adequate systems of internal control;
  - relevant laws, regulation and codes of practice are being complied with;
  - there are proper opportunities for electors to exercise their rights;
  - risks are assessed and controlled;
  - internal audit arrangements are in place;
  - appropriate actions are taken in response to internal and external auditor recommendations;
  - exposures with a financial impact are included in accounting statements.

**Accounting Statements 2018-19**

13. This section details the accounting statement for the financial year that ended on 31 March 2019, drawing comparison with the accounting statement for the previous financial year. The annual surplus is £16,126 (section 7, £1,435,449 – section 1, £1,419,323). This compares favourably with a budgeted deficit of £94,000 for 2018-19.

**External Auditor Certificate and Opinion 2018-19**

14. The approved accounts are referred to the council's external auditors, PKF Littlejohn; these accounts must be with the external auditor before 1 July 2019.
15. PKF Littlejohn will review the Annual Governance and Accountability Return and supporting information and report on any matters that give them cause for concern in respect of any relevant legislation or regulatory requirements that have not been met.
16. The external audit must be completed by 30 September 2019; otherwise a qualified opinion will be issued. The external auditor's certificate and opinion must be reported to the council and put on public display.

John Wright  
Town clerk  
June 2019



## Annual Governance and Accountability Return 2018/19 Part 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities\*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but:
  - are unable to certify themselves as exempt (fee payable); or
  - have requested a limited assurance review (fee payable)

### Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:
  - The **annual internal audit report** is completed by the authority's internal auditor.
  - **Sections 1 and 2** are to be completed and approved by the authority.
  - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published **before 1 July 2019**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both):
  - the Annual Governance and Accountability Return Sections 1 and 2, together with
  - a bank reconciliation as at 31 March 2019
  - an explanation of any significant year on year variances in the accounting statements
  - notification of the commencement date of the period for the exercise of public rights
  - Annual Internal Audit Report 2018/19

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the review and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

### Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on a publicly accessible website:

Before 1 July 2019 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2018/19**, approved and signed, page 4
- **Section 2 - Accounting Statements 2018/19**, approved and signed, page 5

Not later than 30 September 2019 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 & 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.



## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide\** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report if possible prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before returning it to the external auditor by email or post (not both).
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide\**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2018) equals the balance brought forward in the current year (Box 1 of 2019).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2019**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including <b>the dates set for the period for the exercise of public rights</b> , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', is an explanation provided?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations from last year to this year been provided?		
	Has the bank reconciliation as at <b>31 March 2019</b> been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? <b>NB:</b> do not send trust accounting statements unless requested.		

*\*Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)



# Annual Internal Audit Report 2018/19

## LYME REGIS 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).

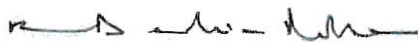
Date(s) internal audit undertaken

10/12/2018 26/02/2019 18/03/2019 13/06/2019  
14/12/2018 01/03/2019 15/05/2019

Name of person who carried out the internal audit

Mrs R Darkin-Miller LLB(Hons) FCA

Signature of person who carried out the internal audit



Date

14/06/2019

\*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).

\*\*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).



## Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

LYME REGIS TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2019, that:

	Agreed		Yes* means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets should be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

and recorded as minute reference:

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

Clerk

**Other information required by the Transparency Codes (not part of Annual Governance Statement)**

Authority web address

<https://www.lymeregistowncouncil.gov.uk>



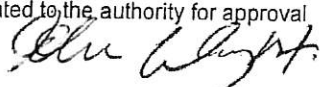
## Section 2 – Accounting Statements 2018/19 for

LYME REGIS TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	1,182,562	1,419,323	<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies	120,708	120,708	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	1,633,801	1,519,082	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	565,528	679,924	<i>Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.</i>
5. (-) Loan interest/capital repayments	56,783	37,850	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	895,437	905,890	<i>Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	1,419,323	1,435,449	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	1,329,816	1,390,060	<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets	7,652,811	7,791,962	<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings	277,500	247,800	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<i>The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
		✓	<i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval



Date

13/06/19

I confirm that these Accounting Statements were approved by this authority on this date:

as recorded in minute reference:

Signed by Chairman of the meeting where the Accounting Statements were approved

## Section 3 – External Auditor Report and Certificate 2018/19

LYME REGIS TOWN COUNCIL

In respect of

### 1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2019; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

### 2 External auditor report 2018/19

(Except for the matters reported below)\* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.  
(\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

### 3 External auditor certificate 2018/19

We certify/do not certify\* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2019.

\*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

\*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))