

SEAHAM YOUTH CENTRE

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDING
31ST DECEMBER 2018**

CHARITY NO. 1163327

OVERVIEW

- 1.1. Seaham Youth Centre is a Charitable Incorporated Organisation (CIO) and is governed through the Charities Act and a constitution document (dated 27th March 2014) with voting members other than its charity trustees.
- 1.2. The charity trustees shall manage the affairs of the CIO and have appointed a part time administrator to manages the Youth Centre on a day to day basis.
- 1.3. The charity trustees must comply with the requirements of the Charities Act with regard to keeping of accounting records etc.
- 1.4. The aims and objectives of the Youth Centre is to help young people through leisure time activities so as to develop their physical, mental and spiritual capacities that they may grow to full maturity as individuals and members of society that their conditions of life may be improved.
- 1.5. During the year the Youth Centre received income of £25,698 mainly from grants and room hires. Expenditure for the year was £47,312, majority of payments are for the running of the Centre such as utilities, building works and maintenance. There was a deficit for the year of £21,614
- 1.6. The Fund Balance of £14,887 reconciled to the Bank Statement and the petty cash records as at 31st December 2018.

- 2.1. I (Gordon Fletcher, C.M.I.I.A.) have reported on the accounts of Seaham Youth Centre for the calendar year ending 31st December 2018.
- 2.2. This report is in respect of an examination carried out in accordance with the Charities Act.
- 2.3. The examination includes a review of the accounting records kept by the trustees, including a review of the accounts and making such enquiries as are necessary for the purpose of this report.
- 2.4. Based on my examination, systems and procedures have improved with appointment of an Administrator, however improvements are necessary to provide full assurance to the systems in place and recommendations are shown in an internal report. No other matter has come to my attention which the trustees are not aware of, and the accounts presented do accord with the accounting requirements of the Charities act.



Gordon Fletcher (C.M.I.I.A.)

Independent Auditor

Date: 27th April 2019

The Trustees (Management Committee) are responsible for maintaining proper accounting records, which disclose with reasonable accuracy the financial position of the Charity. This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued March 2005). An internal audit report has been completed for the year 2018 and discussed with the Chair and Treasurer of the Trustees and submitted.

This report has been approved by the Trustees (Management Committee) at the Management Committee meeting on

Income and expenditure records for Seaham Youth Centre for period ending 31st December 2018

Opening Fund Balance as at 1st January 2018	= £ 36,501
Income during the year	= £ 25,698
Expenditure during the year	= £ 47,312
Deficit for the year	= £ 21,614
Closing Fund Balance as at 31st December 2018	= £ 14,887

For details of breakdown of income and expenditure, see next pages.

Reconciliation to Bank Statement as at 31st December 2018

Closing Bank Balance as at 31st December 2018	=	£9,543
Closing Petty cash balance (not confirmed)	=	£173
Add cash income not banked as at 31st December	=	£ 2,149
Add invoiced income not received as at 31st December	=	£ 3,775
Less unpresented cheques	=	£ -753
Reconciled Balance to Fund	=	£ 14,887

Breakdown of income

Funding	=	£ 3,000
Donations	=	£ 900
Room Hire	=	£ 15,899
Office Rent	=	£ 664
Miscellaneous	=	£ 446
Photocopier	=	£ 4,689
Membership	=	£ <u>100</u>
TOTAL	=	£ <u>25,698</u>

Breakdown of Expenditure

Utilities	= £ 9,123
Administration	= £ 6,396
Waste and Cleaning	= £ 3,338
Youth Centre refurbishment	= £ 8,352
Equipment	= £ 2,609
Photocopier	= £ 4,480
Maintenance and Renewals	= £ 5,617
Insurance	= £ 1,997
Donations	= £ 105
Funday	= £ 3,436
Vending Stock	= £ 512
Miscellaneous	= £ 1,347
TOTAL	= <u>£ 47,312</u>

FUNDING ANALYSIS

RESTRICTED FUNDS

	Balance	Receipts	Expenditure	Transfer	Balance
	@ 1/1/18	During year	During year		@ 31/12/18
SANDS	1123	0	0		1,123
SPLATT	1,636	0	0		1,636
BOXING	2,521	0	0		2,521
CRICKET EQUIPMENT	174	0	0		174
REFURBISHMENT	7,490	3,000	8,352		2,138
Total	12,944	3,000	8,352		7,592

UNRESTRICTED FUNDS

Total	23,557	22,698	38,960	7,295
Fund balance	£ 36,501	25,698	47,312	14,887

AUDIT REPORT

Seaham Youth Centre Centre Accounts

CONFIDENTIAL

INTRODUCTION

1. An audit was carried out on the accounts of the Seaham Youth Centre for 2018. This audit is

completed along with a review of the current systems in place so as to rely on the information provided for in the accounts.

2. OBJECTIVES OF THE AUDIT

The objective of my review was to:

- To produce a set of accounts for 2018 to be submitted to the Management committee for approval.
- To examine the systems in place on producing the information for the accounts.
- To examine a discrepancy in the banking of monies.

3. SCOPE OF THE AUDIT WORK

The scope of the audit involved examining the accounts and the systems in place to ensure that the information contained in the accounts is correct.

4. This report is intended to present to management the observations and conclusions of the audit. Wherever possible the observations and recommendations have been discussed with members of staff and their views taken into account.

5. SUMMARY OF AUDIT WORK CARRIED OUT

- 5.1. During the previous year financial procedures were put in place so as to record all income and expenditure on Day Book spreadsheets, with receipts issued for all income collected, and a petty cash system set up for small items of expenditure.
- 5.2. During the year the Centre Administrator left in July and was replaced with another. The latest Centre Administrator did not keep good records and it was realised that she had not been banking any money. The Trustees Treasurer completed income and expenditure spreadsheets for the 2018 audit, and for 2019.

INCOME

- 6.1. The Centre uses duplicated receipt books to record all cash income received at the Centre. The Centre Administrator also sends out invoices for those not paying cash, when payment is usually made by cheque or bank transfer. All income was recorded on the spreadsheet showing the receipt number or invoice number, and income is recorded as cash, cheque or Bank transfer.
- 6.2. Up to 4th July 2018 the income recorded on the spreadsheet reconciled to the amounts banked as shown on the bank statements.
- 6.3. From the last cash deposit on 4th July 2018 it could be seen from the bank statements that no cash was deposited and the only income which could be reconciled were the invoices raised to the bank transfers or cheque paid. It was also established that from July, payment had not been received for 7 invoices totalling £3,775, (although since January 2019, three have been paid in February and April). The remaining 4 (details given) should be chased up immediately.
- 6.4. It has been determined when examining the cash receipts for 2018 that £2,149.50 in cash had not been paid into the Centres bank account as at the end of December.
- 6.5. Income from January 2019 to the 31st March 2019 was examined. It was established that no cash income had been paid onto the Centres account between these dates. It was determined from the cash receipts issued between these dates that £2,943.95 had not been paid into the Centres bank account.
- 6.6. This gave a total of £5,093.45 that had not been banked between 4TH July 2018 and 31st March 2019.
- 6.7. On examining the bank statements after 31st March 2019, it was determined that two cash amounts of £1,305 and £1,670 have been paid into the Centres bank account on the 4th April 2019 by

the Centre Administrator, after contact had been made with her.

- 6.8. On discussion with the Trustees Chair and Treasurer it has been established that there had been cash held in the Centre's safe, and an amount of £977.95 was banked on 24th April 2019. On 24th April 2019 it was also established that there was £453 cash held in the safe and £73.97 cash expenditure had been paid out between January and March 2019. Some of this cash held in the safe would be for April 2019 and an amount was determined for this to the records for April.
- 6.9. The Trustees Treasurer has reconciled the amounts and provided me with the figures and I agree that £767.70 was cash not accounted for, from 4th July 2018 to 31st March 2019.

EXPENDITURE

- 7.1. The expenditure recorded on the Spreadsheet showed all cash and cheque payments and all were properly recorded and reconciled to the bank statement, apart from one entry on the bank statement which could not be traced to the records (£109.80).

BANK RECONCILIATION

- 6.8. As reported last year there is no evidence that proper bank reconciliations have been carried out during the year, where the income and expenditure records are reconciled to the bank statements, this would have highlighted the problem above.

PETTY CASH

- 6.7. During the year a petty cash system had been set up so as expenditure is not taken from the income received, and therefore all income received would be banked. The system was examined, and it was found that £683.07 cash was taken for petty cash expenditure from the bank account from 23rd January 2018 to 5th December 2018, and there were receipts totalling £510.32. Difference of £172.75. I understand that some receipts have gone missing and this will account for some if not all of the difference. Therefore, the balance (if any) of petty cash as at 31st December 2018 could not be established.

CONCLUSIONS

- 7.1. Cash collected had not been promptly banked.
- 7.2. Reconciling the cash receipts between 4th July 2018 (last banking) up to 31st March 2019, shows an amount of cash of £767.70 unaccounted for.
- 7.3. As collecting and banking of monies is the sole responsibility of the Centre Administrator, there was no proper monitoring of the income collected to that banked, and of bank reconciliations.

7. RECOMMENDATIONS

- 8.1. The Centre Administrator be contacted to determine if she can explain the missing monies.
- 8.2. Decision by the Trustees whether to involve the police which may attract unwanted publicity.
- 8.3. A system has to be implemented whereby there are adequate checks on the income collected and banked by the Centre Administrator and the bank reconciliations. It is therefore recommended that:
- The spreadsheet designed by the Trustee Treasure should be used to record all receipts and invoice numbers and the amounts. This should include a column to show the banking made which should reconcile to the amounts collected. Another column could be inserted after "heading" to give detail of the income eg. Room hire (This to apply also to the expenditure spreadsheet)
- 8.4. Monitoring by the Trustees every month (or when bank statements are received) of the spreadsheets to the bank statements.
- 8.5. The diary used by the Centre to record bookings should also record the receipt number issued or the

invoice number.

- 8.6. The petty cash records to be shown on a spreadsheet, where cash is drawn for the bank account and not taken from cash collected. It is good practice that all income collected is banked intact.
- 8.7. That the 4 outstanding invoices be followed up so as not to lose income. (please check as these may have been paid since the audit).



Gordon Fletcher
Internal Auditor
Date: 27th April 2019