



SDH Accounting

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Dear Sharon,

RE: INTERIM REPORT ON INTERNAL AUDIT 2016-17

I would be obliged if you could present the report to the Town Council. I have followed the brief given by the Town Council in the Audit Plan. The audit work in December and subsequent work has concentrated on the following areas:

Follow up of previous Internal Audit report and External Report, Transparency, Risk Assessments, Bank Reconciliations, Payments, Budget & Precept Setting, and Meeting Administration.

Summary of Findings:

A Review of 2015-16 Internal and External Audit Reports

There was satisfactory evidence of the reports having been presented to Council and the final Annual Return being published as required with the required notices to electors.

The Clerk has satisfactorily addressed the points raised by the External Auditor and the Council has opened new bank accounts (Public Deposit Fund) in order to protect its funds.

B Transparency

The Council's website was examined during the audit and found to be up to date in terms of Council meeting minutes, agendas, financial reports, policies and publications complying in the main with the requirements of the Transparency Code.

Improvements are still required in terms of publicising the individual details of payments over £500; the first downloaded report was particularly confusing as it included receipts, payments and adjustments such as accruals.

It is recommended that published payment details are both relevant and displayed in a format which is more easily understood by the public; to comply with Transparency Code requirements.

NOTE: A total may be recorded for salaries. Please refer to the Transparency Code for further information.

C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The following has occurred which supports that the Town Council is striving to meet this objective and is aware of the need to continually assess significant risks:

1. Property Management is key to the Town Council; given the nature and age of the property it is responsible for. In the past a professional independent property condition survey was carried out which contributes to the Town Council's Asset Management Plan. The Plan feeds into the Town Council's Action Plan. These plans are currently being updated by the Town Council via a Working Group see E below.
2. An Annual Maintenance (H&S) Plan also exists which delegates the responsibilities of specific actions to staff. Cemetery Risk Assessment, Playground checks etc. e.g. Fire Risk Assessment for the Corn Exchange & Guildhall were considered by F&R Committee in November 2016.
3. Council policies have been routinely re-examined and renewed at the Annual Parish Council meeting in May 2016; the need for new policies is continually assessed by the Clerk.
4. The Council has an Audit Plan; which forms part of its ongoing internal control framework.
5. The F&R Committee are responsible for carrying out independent financial checks of bank reconciliations and the like. Evidence of this was found at meetings minuted on 26/7/2016; 28/6/16; 27/9/2016 and 22/11/2016. An independent review of the November bank reconciliations was carried out as part of the audit.
6. The Town Council's Fixed Asset register was updated in August 2016; and insurance sought to cover appropriate risks.
7. A comprehensive Internal Financial Risk and Health & Safety Evaluation was last carried out and adopted by Town Council in March 2016

D The Council's financial regulations imbedded in their standing orders have been met, payments were supported by invoices/vouchers, and expenditure was approved.

A sample of 32 processed payments were examined in detail and found to be appropriate and suitably supported. Council authorisation was evidenced by two councillors initialling the invoice/supporting payment and also the Clerk's initials.

Procurement practices examined support that quotes are obtained where possible as stipulated by Standing Orders / Financial Regulations and best value is sought by the Council. Examples include the Town Council's annual insurance contract where quotes were obtained from 3 sources; street lighting repairs (ongoing) and a 3 year HR services contract.

Of the sample of payments examined 2 unusual payments were noted:

- i. A payment made relating to a casual social media contract. A contract/arrangement exists with "Jasmine & Jessica" who are responsible for promoting the Town Council via Face Book and Twitter. Contractual terms and performance management of this contract is unclear and as such during the audit I was unable to establish whether payments made provided a service to the Town Council.

I would suggest these arrangements are revisited and formalised. There is also a need to ensure that the contractor(s) used are registered with HMRC and declare income earned as the Town Council may find itself liable for unpaid tax.

- ii. A compensation payment made to an individual (authorised) by the Town Council in respect of an error in Cemetery administration. This reinforces the need to ensure accurate Cemetery records are kept.

E The annual precept requirement resulted from an adequate budgetary process; and spend against the budget was found to be adequately monitored by the Town Council.

1. In Year Budget Monitoring – The Clerk has provided on a regular basis budget monitoring reports to Council (produced by RBS accounting system). The RBS report dated 15/12/16 was examined. Variances noted were explained by the Clerk; in terms of Town Council decisions made during the current year e.g. Appointment of HR Consultants; Social media contractor. It is accepted that uncertainty exists when the Town Council originally sets the budget.
2. Precept 2017-18 – The Council set a precept of £183,926 at its meeting on 12 January 2017; which it resolved and minuted as such. This represents a 2% increase compared with the previous year.
3. Budget 2017/18 – Council approved its Budget as £239,556 at the same meeting; which was also clearly minuted as resolved. The Clerk has produced detailed schedules which support budgeted Staff costs.
4. Strategic/Long Term Budget – The Council does not have a strategic budget forecast as required by its Financial Regulations.

The Town Council's Forward Plan; Asset Management Plan and Action Plan 2015-18 – The revised plans were presented to Town Council at their January 2017 meeting; where they were delegated to the Finance & Resources (F&R) Committee to consider. Subsequently they have been considered by the F&R Committee who have delegated the task of reviewing them to the Action Plan Working Group.

This cascade approach of delegation is concerning since the documents are integral to the Town Council determining its long term aims; strategic financial budget and business plan. The Town Council's Financial Regulations requires that it has a 3 year revenue and capital forecast.

- F Council Meeting Administration - As part of the routine internal audit I have examined 10 Council/Committee meeting minutes which I have found provide a brief yet informative record of Council decisions, with few recorded corrections having had to be made at subsequent meetings. The Town Council has a detailed committee and working party structure which was found to effectively report to Town Council. The Clerk is careful to ensure pecuniary interests, dispensations etc. are included and provides comprehensive reports as appendices to agendas for Council consideration. Agendas examined were also found to be issued in accordance with Standing Orders.

The Internal Auditor would like to thank Sharon for the assistance given during the audit. Should you or Council members have any queries concerning this report please do not hesitate to get in touch.

Regards

Sue Hackett

Internal Auditor