



SDH Accounting

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Date: 9 June 2016
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Dear Sharon,

RE : FINAL REPORT ON INTERNAL AUDIT VISITS 2015-16

To conclude the internal audit, as requested I visited the Town Council on 23rd May and examined:

- The year-end bank reconciliation;
- Pension & Payroll year end reports;
- Accounting transactions made in respect of accruals and prepayments; as the accounts are reported as Income & Expenditure;
- The Fixed Asset register;
- The Annual Return as produced by the RBS (Omega) accountancy system.
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I have summarised my findings below; cross referenced to the control objectives on page 5 of the Annual Return:

F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

A sample of 15 petty cash transactions were examined; vouched to supporting receipts and accounting transactions. The year-end balance of .10p was thus supported. **It is however recommended that the account is more regularly balanced to improve control.**

G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.

RTI Year-end cumulative reports were examined for staff members and found to be reasonable. P60s had been issued and the payroll software (RTI) had been successfully migrated to 2016/17.

Evidence was found of Shropshire County Pension Fund year end returns having been completed.

H Asset and investments registers were complete and accurate and properly maintained.

The Asset Register was examined and found to have been adjusted as required by Mazars to reflect assets at cost or nominal value where donated to the Council. The register reflected in year purchases.

I The year-end bank reconciliations were properly carried out.

The year-end bank reconciliations were examined and it was noted that cheques raised in respect of 2016/17 expenditure had been withheld from being processed in the accounts and similarly receipts in respect of 2016/17.

No adjustments were required for bankings in transit or unrepresented cheques. This does not conform to accounting best practices but effectively reduced the number of adjustments required to the accounts.

There was however some cross over between the Unity Trust accounts. (I.e.Unity Trust account (£267.75); Unity Deposit account £267.75.) This was not considered significant as it did not affect the overall balance reported. There had obviously been a miss coded accounting transaction.

J Accounting statements prepared at year-end were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail and debtors and creditors were properly recorded.

Appropriate adjustments have been processed in respect of accruals and pre-payments, creditors and debtors. The RFO's schedule was cross referenced to journals and supported by copy invoices. A clear audit trail was presented.

The draft Annual Return was supported by a Reserves Reconciliation which explained the movement between Receipts & Payments account and Income & expenditure account. i.e. The AR's box 7 and 8 as required by Mazars.

The Variance Report had not been compiled at the time of the visit.

K Trust Funds for which the Council acts as trustee

The Town Clerk gave assurances that these accounts were in the process of being brought up to date on the Charity Commissions website and would be reported to Council before 30 June 2016, meeting the control objective.

In conclusion I have completed page 5 of the Annual Return positively.

The audit work undertaken supports that the Council's financial affairs are properly conducted and free from miss statement.

Once more I would like to thank Sharon and her staff for the assistance given during the audit visit. Should you or Council members have any queries concerning this audit report please do not hesitate to get in touch.

Best regards,

Sue Hackett

SDH Accounting Services