



# SDH Accounting

Date: 9 June 2018  
E-mail: the4hacketts@btinternet.com  
Tel: 01743 719012

Principal Sue Hackett  
Gonsal House  
Condover  
Shrewsbury  
SY5 7EX

Much Wenlock Town Clerk  
The Corn Exchange  
62 High St  
Much Wenlock  
Shropshire  
TF13 6AE

Dear Sharon,

## **RE: FINAL INTERNAL AUDIT SUMMARY REPORT 2017-18**

Following my last visit I enclose the final audit report which summarises my findings during the year. I would be obliged if you could circulate this to members of the Council as it supports the AGAR Annual Internal Audit Report I completed.

### **Summary of Findings:**

**Overall Findings - support that that the Town Council has made considerable progress during the year in meeting the key control objectives as listed on page 3 of the AGAR.**

### **Detailed findings:**

Follow Up of Interim Reports (Points 1-3):

#### 1. Strategic/Long Term Budget

The Town Council's Financial Regulations requires that it has a 3 year revenue and capital forecast. Council at its January 2018 meeting adopted an amended it's Critical Commitments Strategy 2018-21 and Action Plan. **These require further numerical definition in order to meet the needs of a Strategic Budget but is a promising start.**

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

This was considered during my previous visit and I can now confirm that the Council's Financial/Business Risk Assessment and Health & Safety/ Fire Risk Assessments have been reviewed and adopted at the Finance & Resources Committee meeting in November; however please note the Committee subsequently reported to Town Council and I have been unable to establish when that occurred.

#### 3. Treasury Management

The Council's funds continue to be held in 6 accounts; and the balance held as at 31/3/2018 was £274,083.

Council funds held in the Unity Bank exceed the Financial Services Compensation Scheme limit i.e. £85,000 as £151,737 is held. It is appreciated that the Council has recently opened a Public Sector Deposit Fund account (CCLA) in which it has deposited £25,000. **As funds held are to increase in April with receipt of the annual precept I would recommend that the Town Council considers further utilisation of this interest bearing account.**

Earmarked reserves have been revisited by the Council ( Jan 2018 ) and now total £138,845; however the introduction of a General Reserve policy will assist the RFO when explaining year end balances to the External Auditor. It was also noted that the Town Council adopted an Investments Strategy Policy at its March 2018 meeting.

A Appropriate accounting records have been properly kept throughout the fiscal year

The Town Council's accounting records are maintained on RBS software, primarily in a receipts and payments format which is adjusted by journals at year end to an Income & Expenditure format. The accounts provide an adequate audit trail to supporting invoices/documents and the yearend journal close down process was well documented; enabling Income & Expenditure and Balance Sheet debtors and creditors to be easily confirmed. The Clerk/RFO had successfully closed 2017/18 accounts and migrated to 2018-19 at the time of the final audit visit.

**The internal control objective has been met.**

B The Council complied with its financial regulations, payments were supported by invoices/vouchers, and all expenditure was approved and VAT was appropriately accounted for.

Total Expenditure for the year £204,087

A sample of 25 payments were examined during my visits which were agreed to bank statements and RBS financial accounts. The payments were appropriately supported by invoices or supporting documentation and the payment appropriately initialled by two councillors authorising payment and the Clerk approving payment.

Further details of expenditure testing can be found in my first report which supports that quotes are obtained as stipulated by Standing Orders / Financial Regulations and best value is sought by the Council where possible. VAT is correctly accounted for within the accounts. Purchase orders/requisitions were not examined during the audit.

Payments in excess of £500 have been uploaded during the year to the Council's website in line with Transparency requirements.

**The internal control objective has been met.**

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

Council approved and adopted appropriate Risk Assessments during the year and demonstrated its internal management of perceived risks. Please refer to 2.above and my previous reports.

**The internal control objective has been met.**

D The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored by the council; and reserves were appropriate.

**In Year Budget Monitoring** – The Clerk/RFO regularly presents budget monitoring reports to Town Council as it is routinely produced by the RBS accounting package. **Attention to inputting the budget to the correct account codes on RBS is required.**

**Precept & Budget 2018/19** - The Clerk/RFO presented a 2018/19 budget report to Council at its January meeting, following some amendments and taking in to account inflation the Council resolved and set its Precept which was increased by 2%; at £187,605. This was based on a revised Budget of £223,225. (Please refer to the second interim report for further details.)

**Reserves** - The year-end balance of £274,083 also includes ring fenced reserves.

**The internal control objective has been met.**

E Expected income was fully received, based on correct prices, properly recorded and banked.

Total income for the year £229,483.

A sample of 35 receipt transactions were traced to banking statements, and RBS records. Significant VAT refund receipts were accounted for during the year together with the precept and neighbourhood fund grant. The sample included property lettings, Guildhall takings, donations and Cemetery receipts. Guildhall income was found to be particularly well controlled; and Exhibition income has generated additional income in terms of commission but also probably in donations. The Clerk is currently examining reviewing whether charges should be made to exhibitors to cover the costs of heating/lighting the Guildhall.

Market stall and Cemetery charges were compared with the Council's charging policy for such items. Both Market and Cemetery policies have been reviewed by Council during the year.

**The internal control objective has been met.**

F Petty Cash Float – Petty cash was appropriately accounted for.

**This internal control objective has been met.**

G Salaries to employees and allowances to members were paid in accordance with the Council's approvals and PAYE & NI requirements were properly applied

Additional reasonableness checks were performed on the monthly salary payments made; and fluctuations satisfactorily explained by staff changes and work patterns. HMRC payments have been agreed to end of year P32 records.

During the year appropriate SCPF deductions have been made and the necessary year end reconciliations carried out.

The Mayor's allowance has been paid in accordance with Council policy and PAYE and NI requirements appropriately applied.

**The second interim report fully supports that this control objective has been met.**

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

Total assets are shown at historic/nominal cost on the Annual Return as £92,787; significant in year movement related primarily to the disposal of play equipment.

The Council's insurance cover includes employer's liability, public liability and fidelity insurance cover meeting the needs of the Council. The Council has been particularly concerned about ensuring appropriate cover was in place for its historical buildings.

**This internal control objective has been met.**

I Periodic and Year-End Bank Reconciliations were properly carried out

The year-end bank reconciliation prepared by the Clerk/RFO was independently re-performed and agreed by the Internal Auditor. Regular monthly bank reconciliations are carried out and there is evidence of periodic bank reconciliations being presented to Resources & Finance Committee to check. During the course of the year I have performed and agreed several of these bank reconciliations.

**This internal control objective has been met.**

J Annual Governance & Accountability Return (AGAR) 2017/18; Statement of Accounts

The AGAR's, Statement of Accounts has been correctly compiled on an income and expenditure basis by the RFO based on accounting records and includes an accurate Fixed Asset valuation.

**This internal control objective has been met.**

K Trust Funds – The Council is responsible for a number of trust/charity funds which have relatively little activity and are administered by the Clerk/RFO but not included in the Town Council's accounts. At the time of my last visit the Clerk was preparing the annual Charity Commission submissions which are during the course of the year reported to Town Council.

**This internal control objective has been met.**

L Council's website

The website was briefly examined and found to be easy to navigate, informative and up to date meeting Transparency requirements.

Many thanks to Sharon and Diane for their assistance during the audit, should you have any queries with the contents of this report please don't hesitate to get in touch.

Best regards

*Sue Hackett*

Sue Hackett    Principal SDH Accounting